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Economic programme in danger 'unless budget is cut soon'

By AVI TEMKIN and ASHER WALLFISH
 Jerusalem Post Reporters
 Government expenditure could exceed budget limits by some \$500 million even before the fiscal year begins, on April 1, Aharon Fogel, head of the Treasury's budget department warned the cabinet yesterday. He urged the ministers to take immediate measures to check spending and not risk upsetting the economic stabilization plan.

With that in mind, the cabinet agreed to complete steps within the week aimed at implementing 17 budget-balancing proposals Fogel had presented. The proposals had been agreed to earlier by the cabinet in principle, but no action had been taken to put them into effect.

The proposals include most of the proposed cuts and levies that caused public controversy when they were approved by the cabinet some months ago: an education levy; a tax on old-age pensions, children allowances and maternity grants; the abolition of the one-quarter tax credit point granted to childless workers; a reduction in seniority increments for old-age allowances.

The cabinet decided on a six-month extension on the existing legislation taxing child allowances to families with three children, whose

main breadwinner earns at least NIS 1,600.

Prime Minister Peres requested that Justice Minister Moshe Nissim, Energy Minister Moshe Shahal and Minister-without-Portfolio Moshe

BULLETIN

By BARBARA AMOUYAL

The bullet-riddled body of Sufuan Dahar, a major suspect in the January 30 murder of police intelligence officer Avraham Biyazi, was discovered late last night by a special police search team in a cave near Azarim near East Jerusalem. A Kalashnikov rifle suspected by police of being the murder weapon, was found nearby.

Dahar, 23, is suspected of having been an accomplice of Omar Faraj, who was arrested in his Silwan home half-an-hour after the murder. Police suspected that Dahar sat in the passenger seat of the car from which Biyazi was ambushed and shot outside Jaffa Gate.

Dahar had been missing since then.

Arens iron out the difficulties entailed in the cuts at the coalition level and see to the legislation needed to implement the measures. (Continued on Page 2, Col. 6)

Sharon mediates as Levy softens stand

By SARAH HONIG
 Post Political Correspondent
 TEL AVIV. — Deputy Premier David Levy indicated yesterday that if he were invited to confer with Vice Premier Yitzhak Shamir, he would accept. It is thought in Herut that the first meeting between the two rivals since last week's blow-up at the party convention may be imminent.

Levy is said to have been mollified somewhat yesterday by his ally Ariel Sharon.

Sharon yesterday appointed himself go-between in Herut and conferred with the party's warring leaders with the aim of reconvening the aborted convention for one day, during which it would approve predetermined arrangements for the di-

vision of power. According to Sharon's plan, the one-day second session would be scheduled in early April, a few days before the Labour Party's convention.

After yesterday's cabinet session, Sharon met for half-an-hour with Shamir and then with Levy.

Sharon is said to have assured Levy that he would not end his *ad hoc* alliance with him and would not join forces with Shamir to isolate Levy and perhaps even drive him out of the party.

Sources close to Levy told *The Jerusalem Post* they feared Shamir's aim was to expel Levy, as Menachem Begin had expelled his Herut rivals. (Continued on back page)

Peres blocks plan to sack 1,500 state workers

By AVI TEMKIN
 Post Economic Reporter
 Bowing to pressure in the cabinet, Prime Minister Peres has blocked several proposals for cuts in government operations raised by Ministers without Portfolio Moshe Arens and Yigael Hurvitz.

Last July, Hurvitz and Arens were asked by the cabinet to find ways to cut the civil service work-force by 2,000 by negotiating with the ministers to curtail certain of their ministries' operations. The two drafted several proposals calling for the dismissal of some 1,500 workers from the public sector but soon found that they lacked the authority to implement the cuts. According to sources, the two asked to be granted the status of a ministerial committee, which would have made their proposals binding. The sources said Peres flatly rejected the idea, and refused even to include their request on the cabinet agenda.

The recommendations included merging government companies dealing with tourism; implementing efficiency measures in the Public Works Department; dismissing 250 workers from the Mekorot water company, and additional workers in the educational system; and transforming the Military Industries into a government corporation, instead of a budgeted body within the Defence Ministry.

Arens told *The Jerusalem Post* yesterday that pressure had been exerted on Peres not to agree to the cuts. He said he believed Peres favoured such moves, but that other ministers' original enthusiasm for the cuts had cooled.

Iraqi planes hit Iranian base

BAGHDAD (Reuters). — Iraqi warplanes launched a surprise raid on an Iranian military base near Ahvaz in western Iran early yesterday destroying 500 armoured vehicles, many of them tanks, a military spokesman claimed here.

He said 50 fighter-bombers took part in the raid and that a rocket battery was also destroyed and a large number of Iranian soldiers killed. All the aircraft returned safely, the spokesman said.

(See story below)

Conservatives may scrape absolute majority

Razor-edge finish in French poll

By PAUL CHUTKOW
 Jerusalem Post Correspondent
 PARIS. — French voters turned away from five years of Socialist government yesterday and edged a group of conservative parties towards an apparent majority in the next National Assembly.

The main conservative parties appeared to be close to being able to form a government without the support of the extreme right-wing National Front Party of Jean Marie LePen.

But the National Front provided the biggest surprise, winning over 10 per cent of the vote and some 33 seats in the next assembly.

The Communist Party, by contrast, appeared headed for an historic low of less than 10 per cent of the vote.

President Francois Mitterrand's Socialist Party, after sweeping to power in 1981, when they won an absolute majority in parliament, seemed to have been reduced to 210 seats in the next 577-seat assembly. While the Socialists remain the largest single party in France, several conservative leaders last night characterized the vote as a rejection of five years of Socialist government and policies.

Mitterrand still has two years to go in his seven-year term. He had said that if the opposition won he would name a premier from its ranks.

If the right does manage to put together a government it will be the first time since the Fifth Republic was established in 1958 that a president must govern with a hostile parliament.

Mitterrand will still have the final word on the next prime minister. Of the two main opposition parties, the biggest victor seems to have been the



Neo-Gaullist leader Jacques Chirac casts his ballot in the town hall in Sarraon, central France, under a picture of his Socialist rival, President Mitterrand.

neo-Gaullist Rally for the Republic led by Paris mayor Jacques Chirac, considered the front runner for the premiership.

Chirac's party and the French Democratic Union, affiliated with former president Valery Giscard d'Estaing, were reportedly headed to secure together a total of 289 seats, exactly the figure needed for an absolute majority. According to computer projections released shortly before midnight, another six independent conservative candidates could also be elected. That would put the main conservative parties well ahead.

The two main parties last night

reaffirmed as a matter of principle that they would not govern with the National Front, even if it held the balance of power. They have condemned what they view as the racist campaign themes of that party.

The forecasts were based on polls taken at a selection of voting stations across France and on partial results from areas where polls closed early.

Commentators said it appeared that the government's handling of the hostage crisis in Lebanon had failed to influence the voting, despite the way it overshadowed the campaign's final week.

In election statements over television last night, right wing leaders

claimed a relative victory, but bitterly accused President Mitterrand of robbing them of a comfortable majority by switching to a system of proportional representation.

The tone of the television statements augured ill for the complicated period of "cohabitation" that France is probably now entering. Socialist Party chief Lionel Jospin and several other Socialist leaders took solace in their party's remaining the largest single party in France. They predicted divisions and infighting among the two main conservative parties, even though they had campaigned on a formally joint platform and agreement to govern.

Francois Leotard, a young conservative star being mentioned as a potential minister of defence, emphasized that the 1981 "union of the left" was now "a thing of the past."

Several commentators joined Leotard in noting that the combined Socialist-Communist total of some 42 per cent represented a sharp decline from the 1981 figures when the left swept to power, ending 23 years of conservative rule.

There was concern about a tight voter turnout, and the splintering effect of the proportional voting. Several conservative leaders expressed concern that if they could not form a government with an absolute majority, France might face a period of uncertainty and confusion similar to the ill-fated Fourth Republic in the 1950s.

The conservatives have promised to abandon proportional representation in favour of some clearer balloting system, but their own slender majority raised questions about their

(Continued on Page 2, Col. 4)

Rabin: Areas residents can't act alone

TEL AVIV (Itim). — Leaders from among the local residents of the administered areas cannot be the only Arabs to whom this country turns to solve the Israeli-Palestinian conflict, Defence Minister Yitzhak Rabin said here last night.

He added that although the two main parties in the national union government disagreed over the final disposition of Judea, Samaria and the Gaza Strip, that had not interfered with day-to-day operations.

Swiss say 'No' to membership in UN

BERN. — Swiss voters yesterday overwhelmingly defeated a government-sponsored proposal to seek UN membership.

The referendum followed weeks of intensive debate.

Final figures showed that 75.7 per cent of voters were against joining and 24.3 per cent were in favour. None of the 26 cantons voted to join the UN.

Geneva, home of the European UN headquarters as well as head

offices of most of the UN specialized agencies, rejected proposed membership with a vote of 69.8 to 30.2.

The Geneva office of the UN employs 4,000 staff, nearly 400 of them Swiss, and contributes an estimated \$220 million annually to local coffers.

The government had campaigned vigorously in favour of the UN membership.

Christoph Blocher, co-president of the Swiss Action Committee

against UN membership and a member of parliament, praised the vote as "a good indication that the Swiss people understand they shouldn't fool around with their country's armed neutrality and sovereignty."

Voter turnout in 17 cantons was above 50 per cent, reaching 75 per cent in one, and was between 36 and 49 per cent in the rest.

To be approved, the proposal needed approval of a majority of both the cantons and the popular vote.

Finnish FM to take up Israel ideas with Soviets

Jerusalem Post Reporter
 Finnish Foreign Minister Paavo Vayrynen has agreed to take up with the Soviet government a proposal by Israel to improve relations with the Soviet Union and to raise the question of increasing the rate of emigration of Soviet Jews.

Israel's requests to that effect are understood to have been made in two separate *telex-à-telex* meetings Vayrynen had yesterday and Friday with Prime Minister Shimon Peres and with Foreign Minister Yitzhak Shamir respectively.

Stating yesterday that he was asked to "do what he could" on these two issues of improving Soviet-Israel relations and increasing Soviet Jewish emigration, Vayrynen stressed that he was not acting in any mediating role and that the requests were raised "outside the official negotiations" he had here.

Summing up his three-day official visit here, the first of a Finnish foreign minister to Israel, Vayrynen said he was very satisfied with what he termed "very interesting and useful" discussions with representatives of the Israeli government.

"We had no problems at all regarding bilateral issues, such as expanding trade and economic relations and cultural exchange," he said.

Stressing Finland's special attitude towards Israel and its deep appreciation of the "immeasurable sufferings of the Jewish people at the hands of the Nazis," Vayrynen did not, however, hide the remaining differences between Helsinki and Jerusalem over Middle East policy.

He said he had turned down a request by Shamir to change Finland's attitude towards the PLO, because of what he termed Finland's "balanced approach of neutrality." Vayrynen was emphatic regarding the need to include the PLO in any Middle East peace negotiations as the most important — though not the

(Continued on Page 2, Col. 2)



Saudi Arabia's Ahmed Zaki Yamani studies his worry beads as Opec ministers meet in Geneva to discuss how to deal with the recent collapse of oil prices. Report page 6.

Shot tourist: Did Negev gunman strike twice?

By LIOA MORIEL
 BEERSHEBA. — Police investigating the shooting of West German tourist Miriam Stucker last Friday believe she may have been attacked by the man who shot an 18-year-old woman soldier here last August.

Stucker, 20, was left for dead in an orchard near Kibbutz Revivim, where she was found on Saturday afternoon. Yesterday she was still unconscious and in critical condition in the intensive care unit at Soroka Hospital here.

She was identified yesterday evening by her boyfriend, a German who works on the experimental Nabatean farm in the Negev.

Though police are keeping some aspects of the inquiry under wraps, they have pointed to a number of glaring similarities between the shooting of Stucker and last year's attack on the soldier. A separate team has been set up to investigate the latest shooting, to keep all investigative avenues open.

Both Stucker and the soldier had been hitchhiking in the South. Stucker was apparently not raped, neither was the soldier. But both had been shot in the head and left for

dead in an out-of-the-way spot.

Both crimes were committed on a Friday afternoon; and in both cases, the bags containing the women's personal belongings, and all identifying documents, were missing.

Stucker's skull was fractured, apparently by a gunshot, and she had also been shot in the hand, a hospital spokeswoman said yesterday. She has not been operated on.

The police believe that the attacker lives in the area. They appealed to the public to report any suspicious movements in the area last Friday to the Negev police. (telephone 057-37444 or 33451.)

Two volunteers at Revivim have told the police that they heard shots from the orchard on Friday afternoon. Afterwards, they saw a man of about 30 and about 1.80 metres tall, get into a white car and leave the site. But investigators do not have enough information to put together a picture of the gunman.

Two composite portraits of the man believed to be responsible for shooting the soldier last August were circulated last year. Thousands of men were detained and cars checked, but with no conclusive result.

Casualty figure may be as high as a million Iran - Iraq: Another 30 years war?

FAW, Occupied Iraq (AP). — Along the layer-cake barricades of sandbags and tree trunks, two weeks after Iran seized Iraq's desolate Faw peninsula, an Iraqi soldier's body lay rotting, a recent recruit in an army of the dead — of 500,000, or 700,000, or perhaps a million slaughtered in the endless Persian Gulf war.

The Iran-Iraq conflict has sputtered and raged for 3½ years. It is one of the costliest confrontations of this generation. Everywhere it offers scenes of pathos:

In Teheran hospitals, young men coated with burns back and wheeze from the effects of poison gas.

On the streets outside, men with missing limbs clump along on crutches.

In Baghdad, orange-and-white taxis stream back from the front lines, coffins lashed to their tops.

Some Iranian officials speak of the war lasting 20 or 30 years. Iraq's Foreign Minister Tariq Aziz has said his nation is prepared for 20 years of war.

Said a cabinet minister in one Arab nation, "In 15 years or so both

sides will wake up to the enormity of their human losses and realize a whole generation has been sacrificed."

Iran's Shi'ite patriarch, Ayatollah Ruhollah Khomeini, preaches that the war cannot end until Iraqi President Saddam Hussein is toppled. Many Iranians, soldiers and civilians, repeat Khomeini's vow.

In the bazaar in Ahwaz, the Iranian city nearest the southern warfront, a young man told a visitor Iran is fighting "to get rid of Saddam."

He carried a small child on his right arm, and with his left he pulled back his shirt collar to reveal a scar, 15 centimetres long and still pink, on his shoulder and chest.

"You see, I have been to the war," he said. "I am ready to go back."

Exactly how many men have been to the front or been killed, wounded or captured, remains uncertain.

Estimates of the dead from foreign military analysts range from 1 million — 700,000 of them Iranian — to 350,000. Each side's propaganda

puts the other's casualties much higher.

Diplomats and Arab officials interviewed in the gulf region generally agree that three Iraqis have died for every Iraqi. They also concur on an estimate for prisoners: 50,000 Iraqis and 100,000 Iraqis.

Much about the war remains a mystery because the two governments offer little verifiable information. Journalists and other outsiders are allowed only infrequent and restricted access to the warfront.

Even the lower casualty estimates are fearsome, especially for Iraq, which has a population of only 14.5 million. Iran, with 42.5 million people, has taken advantage of greater numbers in battle against the better-equipped Iraqi army.

In the two capitals, giant cranes stand silent on the sites of deferred development projects. A foreign diplomat in Iran said industry there is operating at as little as 25 per cent of capacity. A diplomat in Baghdad estimated that the two countries together spend \$1.5 billion a month on the war.

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EIGHT PAGES FROM SUNDAY'S
The New York Times
 WEEKLY REVIEW INSIDE TODAY

The weather at major Swissair destinations

	16.3.86	17.3.86	18.3.86
	MIN.	MAX.	MIN.
AMSTERDAM	1-10	13-15	Cloudy
BRUSSELS	-1-10	13-15	Cloudy
BIRMINGHAM	-1-10	13-15	Cloudy
COPENHAGEN	2-9	11-13	Cloudy
FRANKFURT	2-9	11-13	Cloudy
GENEVA	2-9	11-13	Cloudy
HELSINKI	2-9	11-13	Cloudy
LONDON	2-9	11-13	Cloudy
LISBON	2-9	11-13	Cloudy
MADRID	2-9	11-13	Cloudy
MILAN	2-9	11-13	Cloudy
MONTREAL	2-9	11-13	Cloudy
MUNICH	2-9	11-13	Cloudy
PARIS	2-9	11-13	Cloudy
ROME	2-9	11-13	Cloudy
SARAJEVO	2-9	11-13	Cloudy
STOCKHOLM	2-9	11-13	Cloudy
TORONTO	2-9	11-13	Cloudy
ZURICH	2-9	11-13	Cloudy

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THE WEATHER

Forecast: Partly cloudy to clear.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Humidity
Jerusalem	41	7-17	17
Golan	40	7-17	17
Safed	35	7-16	16
Haifa Port	66	14-19	19
Tiberias	52	13-23	23
Nazareth	56	11-22	21
Ahlat	56	10-22	22
Sharmun	41	10-19	19
Tel Aviv	55	12-20	20
B-G Airport	56	11-20	21
Jericho	38	13-27	27
Gaza	70	17-19	19
Beer Sheva	29	8-20	20
Eilat	24	13-27	27

SOCIAL & PERSONAL

President Chaim Herzog yesterday received the foreign minister of Finland, Paavo Vayrynen, at Beit Hanassi. He also hosted a delegation of top businessmen from Miami headed by Jeb Bush, son of the U.S. Vice President George Bush. Herzog also held a reception for participants in the international workshop on "Historical Sites and Preservation of Tradition."

Finnish Foreign Minister Paavo Vayrynen yesterday visited the Hebrew University of Jerusalem, where he spoke as a guest of the Harry S Truman Research Institute.

Tourism Minister Avraham Shinar last week visited the department for hotel trades and banqueting of the Wizo-France municipal vocational secondary school, Tel Aviv, where he was received by world-Wizo schools' department chairman Dina Czernobilsky.

The opening session of a conference on the Role of Courts in Society at the Hebrew University yesterday included the award of an honorary fellowship to Justice Harry A. Blackmun of the U.S. Supreme Court.

The fortnightly interview evening sponsored by the Journalists Association is to take place at Beit Agnon, Jerusalem, at 9 p.m. tomorrow. The event is open to the public.

CGS to serve extra year

The cabinet yesterday "took note" of Defence Minister Rabin's announcement that the term of Chief of General Staff Rav-Aluf (lieut.-general) Moshe Levy was being extended by 12 months.

Levy's appointment originally was for the standard three-year term. Yesterday's announcement was considered a formality. The decision to extend Levy's tenure was taken primarily to stabilize the general staff, which has undergone a considerable number of changes in recent months.

Ras Burka report evaluation not ready

David Kimche, director-general of the Foreign Ministry, yesterday flatly denied a report in Friday's *Jerusalem Post* that Israel had expressed dissatisfaction with the Egyptian report on the Ras Burka massacre.

"All that the newspaper was told," according to the ministry, "was that the documents received by Israel in Cairo included the transcripts of the trial [of Ras Burka murderer Suleiman Khater] and the court's judgement, and that this did not constitute a report."

The *Post*, according to the Foreign Ministry, was told that the material contained 90 pages in Arabic and that the ministry would only be able to evaluate it after careful study.

CORRECTION. - The oldest child of singer and actor Yehoram Gaon and his wife Orna was born ten months after their marriage, which took place when Gaon was 38, and not as stated in a report in last Friday's *Jerusalem Post*.

The Society for the Prevention of Cruelty to Animals

Haifa and the North announces: The Annual Meeting and election of a new committee, will be held on March 29 at 8 p.m. at 36 Columbus St., Haifa (Nir).

HOME AND FOREIGN NEWS

New Swedish premier is friend of Israel - Peres

Post Diplomatic Correspondent Prime Minister Peres, who returned yesterday morning from Stockholm, where he attended the funeral for prime minister Olof Palme, told the cabinet that the new Swedish Premier Ingvar Carlsson is known as a "friend of Israel."

Cabinet sources said that Peres had expressed to Carlsson his appreciation that PLO leader Yasser Arafat had not been invited to the funeral. Peres said that he would not have come had Arafat attended. The ceremony was, however, attended by a local PLO representative.

Peres related that at his meeting with Swedish King Carl Gustav XVI, the king had said that Palme was the first Swedish leader assassinated in

centuries, but that a leading Swede had been assassinated almost four decades ago - in Palestine. The king was referring to Count Folke Bernadotte, the UN mediator for Palestine, who was murdered by Lehi gunmen in 1948.

During the 36 hours he was in Sweden, Peres met with more than 20 world leaders.

Attempts by western "mediators," including former West German Chancellor Willy Brandt, to arrange a meeting between Peres and Soviet Prime Minister Nikolai Ryzhkov failed, with the Russian saying he did not have time. Peres met leaders of five of the seven western industrial giants, and briefed them on his plan for a Middle

East "Marshall Plan." According to the cabinet sources, these leaders greeted Peres' plan, which aims at developing the region in the interests of peace, with "great interest."

The sources also explained Peres' brief meeting with Algerian Foreign Minister Tahib Ibrahim. As Peres was walking down the corridor of the building in which the visiting leaders were housed, he saw U.S. Secretary of State Shultz in a room with an open door. Peres greeted him and walked in - to find Ibrahim seated inside. Shultz introduced the two men, who shook hands.

The Algerian government yesterday denied that its Foreign Minister Ahmed Taleb Ibrahim had conferred with Peres in Stockholm.

A Foreign Ministry statement said: "Algeria is sufficiently known for the clarity and consistency of its policy regarding the Middle East problem, for the firmness of its support for the Palestinian people's struggle and for its persevering in favour of the reinforcement and cohesion of Arab ranks in the face of the Zionist enemy, for any manoeuvre of this kind to tarnish its credibility in any way."

Peres, according to the cabinet sources, had a "tough talk" with Zimbabwean President Robert Mugabe. Mugabe spoke in favour of Palestinian statehood and berated Israel for furnishing advisers to the South African army. Peres denies that Israel was supplying such advisers.

Cabinet allocates funds for Ben-Gurion centenary

By BENNY MORRIS The cabinet yesterday allocated NIS 677,000 to help finance activities marking the 100th anniversary of the birth of Israel's founder and first prime minister, David Ben-Gurion.

The allocation, which will cover only a small part of the cost of the celebrations, was carried by a vote of 18 to 2, with Justice Minister Moshe Nissim and Minister-without-Portfolio Moshe Arens opposed. Arens, filling in for Finance Minister Yitzhak Moda'i, (on holiday abroad), said that the allocation should have been made from the Education Ministry's existing budget rather than from the Treasury. "I didn't think we should allocate an extra \$450,000 above and

beyond what is in the annual budget."

He implied that such allocations would open the floodgates to large excess government expenditure.

Arens said that he was a "great admirer" of Ben-Gurion, and noted that Ben-Gurion had set up the aeronautics faculty - in which Arens was a professor - at the Haifa Technion. This was where the foundation was laid for this country's aircraft industry, he noted.

The request for the allocation was made by Education Minister Yitzhak Navon, who was Ben-Gurion's political secretary in the 1950s. Navon chairs the Ministerial Committee for Ceremonies and Symbols and most of the commemorative events will be funded through the Education Ministry.

The director of the Information Centre, Ya'acov Shatz, who is organizing the celebrations, said they would include a sound and light show, special lessons and courses in the IDF and in the schools, a travelling exhibition to be produced and shown first in Beth Hatfutsot and a three-part documentary movie, tentatively called "Three Days of Decision," dealing with May 13-15, 1948.

The movie will be screened on TV and in schools. Ben-Gurion, who died in 1973, was born David Gruen in Plonsk, Poland on October 16, 1886. The centenary celebration will begin at the Jerusalem Theatre next October.

\$80m. cheap credit plan likely to ease Solel Boneh's plight

By ASHER WALLFISH The financial plight of the Histadrut's huge Solel Boneh contracting company came closer to solution yesterday when the cabinet decided that Prime Minister Peres and Finance Minister Moda'i would meet soon to discuss a plan to channel \$80m. worth of cheap credit to the company.

Peres told the cabinet that Solel Boneh owed some \$180m. to banks but would be able to find \$100m. of that amount by internal economies, including dismissals.

The extra \$80m. could come from increasing credit from the commercial banks, at interest rates which would be relatively much cheaper than the normal business rates, Peres said.

The \$80m. would go to rescheduling the debt repayments over a long term.

The cabinet authorized Peres and Moda'i to reach an agreed proposal, but, if this were not possible, to seek cabinet instructions.

The commercial banks can only increase the credit if they get a green light from the Bank of Israel, which insists on prior government approval.

Peres said that a committee, led by the Treasury's budgets director Aharon Fogel, which had already studied the plight of Solel Boneh, should be empowered to examine the situation of other ailing firms, a list of which would be compiled by Moda'i and Industry Minister Ariel Sharon.

Sharon said that the hotel chain owned by (Herut stalwart) Haim Schiff also merited assistance.

Peres said the Rascos housing corporation should be put onto Fogel's list. (Rascos is traditionally identified with the Liberal wing of the Likud.)

Bank of Israel Governor Moshe Mandelbaum said that none of the \$80m. proposed for Solel Boneh would come from the state budget. It would all come from the banks in the form of credit, he stressed.

Opposition parties demand Solel Boneh resignations

By ROY ISACOWITZ TEL AVIV. - Opposition parties from both the right and the left in the Histadrut yesterday called for the resignation of the Solel Boneh board of directors and the establishment of an inquiry into the causes of the company's financial decline.

Histadrut Secretary-General Yisrael Kessar and Hevrat Ha'ovdim Secretary Danny Rosolio denied that mismanagement had been a major cause of the company's problems. Addressing the Histadrut Executive, both laid the blame on the high interest rates charged by the Bank of Israel since the beginning of the economic stabilization programme last July.

But Kessar's support of Rosolio, who chairs Solel Boneh's board, was less than total. He agreed that those responsible for the problems "must pay the price." Relations between Kessar and Rosolio are at an all-time low, according to Histadrut sources.

Rosolio and Kessar clashed with MK Ran Cohen, head of the Citizens Rights Movement caucus in the labour federation, who accused Solel Boneh's management of "pre-tying" the company's accounts. That amounted to a charge of fraud,

Rosolio said, and was libellous. It was only Cohen's Knesset immunity that prevented him from suing for libel. Rosolio added.

Cohen retorted that he had not charged fraud, and that he was prepared to renounce his immunity.

Demands for the resignation of the company's board and the establishment of an inquiry were also made by Rakah caucus leader Binjamin Gonen and Likud caucus leader MK Ya'acov Shamai.

The deep split between the Likud's Herut and Liberal factions in the Histadrut was visible again yesterday, when the Liberals broke caucus discipline and abstained in the vote on the central committee's resolution on economic growth. Herut voted against the resolution.

Last week, Liberal leader Zvi Renner wrote to Shamai accusing him of opposing the Solel Boneh recovery plan out of party political motives "and not out of concern for the workers."

Renner is still hesitating over whether to join the new Liberal Centre Party or stay in the Likud. Herut sources predicted yesterday that the two factions would soon split completely.

Kubersky resigns, says civil service needs shake-up



Haim Kubersky (Keren)

Jerusalem Post Reporter The civil service needs shaking up, according to Interior Ministry Director-General Haim Kubersky, whose resignation was announced yesterday.

Speaking in a radio interview, Kubersky, who has been at the helm of the ministry for 16 years, stressed that the civil service was not among the "worst in the world." Here and there, he added there are "islands" of excellence.

But on the whole, he said, the Civil Service has suffered from the automatic promotion of staff, excessive protection of their rights and undue tolerance of shortcomings. This necessitated a reappraisal of the entire framework, he added.

Kubersky, whose resignation takes effect in four months, said he had considered leaving his post earlier, but it would not have been fair to leave during the 1984 elections and the subsequent national unity deliberations.

He did not know who would succeed him, he said.

On other issues, the director-general said that the level of local government had improved over the last decade, as the understanding of the needs of local authorities had grown.

On alleged illegal building in Arab areas, he said a commission was studying the subject and that until its conclusions were published, patently unlawful construction should be halted though existing buildings should not be demolished.

FRENCH

(Continued from Page One) mandate to do so. A referendum may be needed.

While the conservatives may have their absolute majority, with the support of the six independent conservatives elected, the narrowness of that majority may make it difficult for them to claim a sweeping mandate to implement their Reagan-style economic programme. The conservatives have promised to move quickly to lift wage, price and foreign-currency controls, and to begin denationalizing the major industrial groups brought under state control by the Socialists in the early days of their rule.

EXPERIMENT. - Jerusalem is to serve as a laboratory this week for an international workshop on Heritage and Conservation.

MIDEAST NEWS

Mitterrand aide raps private effort to free hostages

ARGENTAN, France (AFP). - President Mitterrand's personal envoy to Syria said yesterday that "intervention by French citizens" could jeopardize efforts to win the release of French hostages held in Beirut.

Omar Adnan, who returned from Damascus after delivering a message from Mitterrand to Syrian President Assad, was referring to Dr. Razah Raad, the unofficial French envoy who has been negotiating with the Islamic Jihad in Beirut. The Shi'ite terror group has said it has kidnapped four French citizens, and has claimed to have killed one of its hostages.

Adnan said that Raad had "promised the kidnappers that France would accept all their demands," but that he had not been authorized to make such a commitment.

Belgrade said to plan Mideast peace effort

Jerusalem Post Reporter Yugoslavia is shortly to announce a Middle East peace initiative, the East Jerusalem Arabic newspaper *al-Fajr* reported on Saturday.

Citing "informed" Palestinian sources in Tunis, the paper said Belgrade would work towards convening an international Middle East peace conference.

'Many casualties in Damascus bombing'

A large bomb exploded in al-Abassiya Square in Damascus last Thursday evening near the building where Soviet advisers live, killing and wounding more than 100 people, the Voice of Lebanon Radio reported yesterday. The explosion caused extensive damage.

French envoy cools heels in Iran airport

TEHERAN (Reuters). - France's ambassador to Iran Eric Rouleau was turned away after waiting three days for a visa at the immigration section of Tehran's Mehrabad Airport, the Iranian news agency Ima reported yesterday.

A Foreign Ministry official confirmed the substance of Rouleau's story and said Rouleau had not been allowed to leave because "nobody wanted to talk to him."

4 SLA soldiers hurt in security zone clash

Jerusalem Post Reporter METULLA. - Four South Lebanese Army soldiers were wounded in a fire fight with terrorists yesterday in the security zone.

The incident took place when the SLA men spotted a terrorist squad trying to infiltrate the area. The terrorists fled, leaving behind LAW missiles and rocket-propelled grenades.

Terrorists have recently made several attempts to infiltrate the strip to reach Israel.



Motti Giladi and Sarel Tsuril perform "The Day Will Come," which was chosen last night to represent Israel at the 1986 Eurovision Song Contest in Norway. The song was written by Giladi and Yoram Tsadok.

Interior Ministry file isn't last word on who is a Jew

By ASHER WALLFISH Jerusalem Post Reporter Interior Minister Yitzhak Peretz, of the ultra-Orthodox Shas party, whose ministry runs the population registry, has ordered registry officials not to rely on the particulars in the registry files with regard to a person's Jewishness.

An Israeli diplomat who returned from a European posting last summer with his family, including a baby boy born abroad, has been told by the population registry in Jerusalem that the infant will not be registered as "Jewish" unless his wife comes to the registry to prove her Jewishness.

This despite population registry files having always shown the husband, wife and older children as Jewish.

The infant born abroad was circumcised at a full Orthodox ceremony in the presence of the chief rabbi of the Jewish community in the European capital where the diplomat was serving.

After the birth, the child's details were entered in the diplomat's Israeli passport. Some time after the family returned, the husband went to the population registry to have his son's details listed in his identity card. He filled out the form, writing "Jewish" in the appropriate section.

Subsequently, a letter arrived from the population registry to say that additional details were required before the child could be registered as Jewish, and that the mother would have to present herself in person.

The husband wrote back that he had listed the identity number of his wife, who was born in Israel, and that the population registry files already contained all the relevant particulars. He received an answer that, according to new instructions from the ministry, the mother was required to come and prove her Jewishness, whether or not she was already so listed.

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ECONOMIC PROGRAMME

(Continued from Page One)

Implementation is likely to spark a tough Knesset battle. Barely hours after the proposals were approved, the Labour Party faction reiterated its opposition to the proposed education levy and to taxing old-age pensions and child allowances. Faction head Rafi Edri said he could not enlist support from the Labour faction for the budget in second and third readings.

Nevertheless, the Treasury said yesterday that it would take the first steps to implement the cabinet's decision by tabling a proposal today to tax maternity grants. Fogel told the ministers yesterday that failure to implement the measures would cost the government \$277 million. To that figure he added \$150 million for subsidies, export incentives and the

cost of bailing out several near bankrupt firms.

Fogel also said the Defence Ministry had overstepped its budget by \$32 million and that there were serious threats of overspending in the health system and the local authorities.

He said maintaining economic stability hinged on remaining within the budget for 1986/87 as approved by the cabinet. Only that would enable the government to reduce personal taxes, thus avoiding the need for wage rises that would, in turn, lead to a renewed spurt of devaluations.

Fogel termed premature the cut in interest rates decided upon by the cabinet last week.

The cabinet yesterday approved a Treasury proposal to extend the price freeze past its June expiry date.

Mehta still negotiating to take IPO to Poland

Negotiations are still under way for the Israel Philharmonic Orchestra to tour Poland next month, musical director Zubin Mehta told *The Jerusalem Post* yesterday.

Mehta added that he might seek the prime minister's aid in bringing about the tour.

Mehta's announced intention earlier this month to take the IPO to Poland created a furor, because the timing of the trip would have meant the orchestra breaking its commitment to perform with the finalists of the Arthur Rubinstein piano competition. The orchestra's public council ruled that the tour could go ahead only if the IPO found another orchestra to perform with the final-

ists.

The only other orchestra that could presumably take on that series of programmes is the Broadcasting Authority's Jerusalem Symphony Orchestra. Broadcasting Authority director-general Uri Porat is reportedly under considerable pressure to make the JSO available.

A source close to Porat was resentful of the pressure tactics, pointing out that there was a longstanding feud between the two orchestras. The IPO has reportedly refused to allow the JSO to perform in Tel Aviv's Mann Auditorium. "Now, when they're in trouble," said the source, "they want us to bail them out."

Rafi Eitan new head of Israel Chemicals

Jerusalem Post Reporter Rafi Eitan, a close Herut ally of Industry and Trade Minister Ariel Sharon, was yesterday unanimously elected by the board of directors of

Israel Chemicals as its chairman. Eitan was former premier Begin's adviser on combating terrorism. Eitan is to replace Yisrael Sakharov at the end of the month.



Prime Minister Peres meets with Finnish Foreign Minister Paavo Vayrynen yesterday. (Isaac Harari)

FINNISH FM

(Continued from Page One) only - Palestinian representative. Moreover, Helsinki holds that Security Council Resolutions 242 and 338 should be supplemented with arrangements providing the Palestinians with the right to "national self-determination."

Raising the question of Unifil, which includes a Finnish battalion, Vayrynen said he had asked the

Israel government to use its influence with the U.S. Congress to prevent Washington from cutting its share in the Unifil budget, which could endanger the force's operation. He also asked Israel to adopt a more positive attitude towards Unifil and to help it fulfil its mandate.

Vayrynen stopped short, though, of requesting that Israel allow Unifil to deploy its units all the way down to the international border, knowing "full well" Israel's tough position on this issue. He stressed, however, the Finnish defence establishment's firm belief that with Israel's withdrawal from the security zone in South Lebanon, hostilities towards Israel would cease.

HONEY SMITH

from London, visiting Israel with HELEN WALSH and Jennifer Hill, please call home urgently.

Reb YEHOSHUA HESHEL (Alexander) HACHOEN GOTTDIENER

a true, distinguished friend of the Hesder yeshivot. The funeral will leave today, Monday, at 10.30 a.m. from the Sanhedria Funeral Parlour, Jerusalem, for the Har Hazetim cemetery, near the Inter-continental Hotel.

Heads of the Hesder yeshivot, teachers, general staff and students

With deep sorrow, we mourn the death of our beloved

Dr. EDGAR FREUND

The funeral will leave Sanhedria Funeral parlour for Har Hamenuhot at 3.00 p.m. today, Monday, March 17, 1986.

The family: Elly Gideon and Noa Daniella and Yael

Together with all the Gottdiener family, we deeply mourn the passing of the esteemed philanthropist, our dear

ALEX GOTTDIENER

of Elizabeth, New Jersey

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Yeshiva Neve Erez Beer Ya'akov Merkaz Lechinuch Torani Zichron Ya'akov

New Druse/Jewish owners plan to operate on Sabbath Haifa cable car sold for \$1.4m.

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — A consortium headed by a Druse lawyer and a Haifa building contractor yesterday purchased the Bat Galim to Stella Maris cable car for \$1.4 million.

The owners, the Haifa Cable Car Company, said they would try to operate the project on the Sabbath despite opposition from the government and the religious bloc.

The company is formally chaired by Druse lawyer Nazyah Halabi, of Daliat al-Carmel, although the purchasers are the Schechtman family, who run a construction firm.

The company will be jointly managed by Nehemia Schechtman's two sons-in-law, Avi Yarom and Ya'acov Beharav.

Yarom said yesterday that they hoped to overcome the objections to the cable car's operation on Shabbat by introducing an automatic system similar to that used for lifts in hospitals and hotels on Saturdays. Engineers are working on the problem, he said.

"We see the cable car as an important project which will help develop tourism in the city, and we want to be in at the start," he added.

The purchase price includes a long-term lease of the cableway's upper terminal, where restaurants, souvenir shops and other attractions are to be built. The lower station has been sold for nearly \$1 million to Haifa businessman Baruch Meckel.

The cable car's owners are likely to face an uphill struggle in attempts to operate on Saturdays. Prime Minister Peres last week said he opposed Shabbat operation because it violated the *status quo* on religious matters signed when the coalition government was established in 1984.

The Orthodox parties, for their part, object both to Shabbat operation itself and to the cableway's encouraging crowds of people to

desecrate the sabbath. The Orthodox have rejected as "eye-wash" plans raised in the past to sell part interest in the cable car to a non-Jew to whom the religious laws of Shabbat do not apply.

Local Orthodox leaders have threatened to take the matter to the High Court if necessary.

Meanwhile the purchasers still need a safety permit from the Transport Ministry and Shabbat work permits from the Labour Ministry in addition to a business licence from the municipality.

The aerial railway, built by the municipality subsidiary, Haifa Economics Corporation, was completed seven months ago, but has stood idle because of the Shabbat operation problem. The developers repeatedly said that the project would have to run on Saturdays, if it was to make a profit, since Shabbat is the day most people could use it.

Remand testimony:

Demjanjuk identified by 12 witnesses

By YORAM GAZIT

For The Jerusalem Post

RAMLE. — Twelve witnesses have positively identified John Demjanjuk and given further evidence of his activities during the Holocaust.

Their testimony was presented by the police to a court session here yesterday in which Jerusalem Magistrate Court judge Aharon Simha extended Demjanjuk's remand by 13 days.

Demjanjuk, Ukrainian born and extradited from the U.S. last month, is suspected of war crimes at the Treblinka death camp.

Police representative Alex Ish-Shalom gave Simha documents and photographs, some newly-acquired, pertaining to the suspect's identity and activities.

The court session took place in the wardens' club of the Ayalon Prison here — where Demjanjuk is being held — to obviate the strict security precautions involved in bringing him to Jerusalem.

The bare-walled club was crowded with senior prison officers, reporters and photographers, many representing the foreign press.

Demjanjuk was brought in handcuffed, wearing a brown suit, brown shoes and white shirt, and appeared to be in good spirits. He was led, smiling, to a chair by a warden who then removed his handcuffs.

Large-framed and heavily-built, Demjanjuk is in excellent physical shape, exercises regularly and performs 60 push-ups daily, to the admiration of his guards, a warden told The Jerusalem Post.

Asked by Simha whether he had anything to say, Demjanjuk said he



John Demjanjuk's handcuffs are removed at his remand hearing yesterday. (Israel Sun)

had no comment to make, but complained that he had not been allowed to contact his family in the U.S. "I feel as if I'm in the Soviet Union. There, too, you're not allowed to call home. In a democratic state it is intolerable not to let one call home," he said.

"Let me assure you that Israel is no less democratic than the U.S.," answered Simha. The magistrate explained that the Prison Service could not authorize telephone calls abroad, but that when Demjanjuk's relatives arrived for his trial he would be allowed to contact them.

The suspect's attorney, Mark O'Connor, is due to arrive soon, the court was told.

After granting the police request for an extension of remand to facilitate the investigation, Simha visited Demjanjuk's cell and chatted with him in English.

Demjanjuk, it was learned, reads The Jerusalem Post daily, and according to the report that a Spanish citizen has claimed he is not the Ivan Demjanjuk of Treblinka.

Demjanjuk is studying Hebrew diligently and can already say to his guards, "I want to eat," "I want to take a walk," "I want to sleep."

"Good morning," and other phrases, in Hebrew. With their help he is compiling an English-Hebrew "dictionary" for his personal use.

Knesset panel hears of theft of IDF arms

By ASHER WALLFISH

Post Knesset Correspondent

Hundreds of guns are stolen or lost in the IDF every year, but the IDF is acting energetically to stop the losses, the Knesset Foreign Affairs Defence Committee has been told.

IDF Judge Advocate-General Tat-Aluf Benzion Farhi said that apart from the small arms that are sold for cash, more are lost during training exercises, or left behind by hitch-hiking soldiers, or stolen from

their homes and baggage. Reservists must often take their weapons home on short leaves, and underworld elements break in and steal them, he said.

Farhi said: "Soldiers have to be armed when they move around the administered areas, which means they must also take the weapons back home. But not every house is safe to keep weapons in."

He added that many of the missing guns were sold to the underworld, and that Arab terrorists managed to

buy some of these weapons at second- and third-hand.

He said that a sgan-aluf (lieutenant-colonel) had been demoted and dismissed from the army following a burglary of the weapons store in his camp, in which dozens of machine pistols and revolvers were stolen.

Farhi said that military police investigators opened files on each missing weapon and that their probes resulted in about half the losses being eventually recovered.



A photographic exhibit "Impressions of Israel" showing landscapes, people, wildlife and archeological sites has opened at Selfridges in London. It was initiated and directed by Gemma Levine, shown above with the four leading photographers commissioned for the project, and Prince Andrew (third from right) who attended the opening of the exhibit at the leading West End shop. The photographers are, from left to right, Eric Hosking, Sir Geoffrey Shakerly, Lord Lichfield and Lord Snowdon. (Doug McKenzie)

HOME NEWS IN BRIEF

Mail from U.S. delayed

Jerusalem Post Staff

Delivery of mail from the U.S. has been delayed recently by a strike of TWA stewards which has disrupted the airline's flights here. The Communications Ministry reported yesterday.

The ministry said that only a few sacks of air mail arrived here from the U.S. last week.

But on Thursday 286 sacks of letters and printed matter, 40 sacks of parcels and 38 sacks of "express mail" arrived.

Bomb dismantled at Jerusalem guest house

A small explosive device was safely dismantled on Friday near Jerusalem's Mishkenot Sha'ananim guest house. A janitor found the device under a parked car and called police sappers.

40 nuns in visit to Beduin Centre

Jerusalem Post Reporter

KIBBUTZ LAHAV. — Forty nuns studying at the Hebrew University's Buber Centre in Jerusalem visited the Beduin centre near here yesterday to learn about Beduin lore.

The centre, near this Negev kibbutz, has been operating for almost a year, director Avi Navon said.

Later this month, the centre will host members of the U.S. Embassy.

Rabin to appoint Ivri to head Defence Ministry

Jerusalem Post Reporter

TEL AVIV. — Defence Minister Yitzhak Rabin intends to appoint David Ivri, now chairman of the Israel Aircraft Industries board of directors, as his ministry's new director-general. Rabin is to present his proposal to the cabinet soon.

Ivri is expected to move to the ministry in June, replacing Menahem Meron, who will be leaving after a three year term.

Ivri was O/C Air Force from 1977 to 1982, and deputy chief of general staff from 1983 to 1985.

Setbacks shouldn't deter diplomats

IN PERSON BENNY MORRIS

Morris Draper, the new U.S. consul-general in Jerusalem, recalls the day in June 1970 in Amman when he was briefly kidnapped by gunmen of the Popular Front for the Liberation of Palestine. "It was a particularly bad day, there had been fighting between Palestinians and the Arab Legion in Zarqa. I was stopped at a PFLP roadblock and detained. It was interesting, because some of them had never spoken to an American. They were polite and correct, but they just couldn't stop talking. One of them first tried in Hebrew," then switched to Arabic and English. Draper was released after 24 hours. He doesn't mention having been frightened.

Draper, an old State Department Middle East hand, says his Arabic is now "rusty." He learned it in Beirut (1959-61), where he was a junior political officer and a student at the American University and, of course, used it again in the late 1960s when he served as counsellor at the U.S. Embassy in Amman, and during his Middle East shuttles in the early 1980s, when, as deputy assistant secretary of state, he was special mediator Philip Habib's deputy. He is now brushing up on his Arabic and intends — "like (U.S. ambassador to Israel Thomas) Pickering" — to study Hebrew, preferably over breakfast, in order to start his work day with the 7 a.m. Hebrew news, "to get my heart beating."

Draper heads a unique U.S. mission — a consulate essentially independent of the U.S. Embassy in that country. The Jerusalem Consulate covers U.S. interests in Jerusalem and the West Bank and reports directly to the State Department rather than to the Tel Aviv Embassy. The only similar arrangement is the U.S. Consulate-General in Hongkong, says Draper. To put it in general terms, while the embassy represents the U.S. vis-a-vis Israel, the consulate is largely seen as "representing" the U.S. vis-a-vis the Palestinians, though the embassy also "covers" the Gaza Strip.

Israeli officials have been wont to complain that the consulate was "pro-Palestinian," while the embassy was seen as "pro-Israeli." Draper says this image is "an exaggeration. We talk to people (i.e., West Bankers and East Jerusalemites) the embassy does not see." Hence, the mission's reporting back to Washington is "different." But he implies that the consulate's political input is not really different from the embassy's. Draper says the consulate's "coordination" with the embassy is "very good" and describes Pickering and himself as "old friends."

Draper, who comes from an old U.S. Army family (his father was involved out of the service during World War II as a brigadier-general), played an important role in the Middle East as a mediator before and after the outbreak of the Lebanon War. In the summer of 1981 he was with Habib during the mediation of the Israel-PLO ceasefire, which lasted until June 1982. The agreement was mediated through direct U.S. contacts with Israel on the one hand and through third-party contacts (Lebanese, Saudis and Syrians) with the PLO on the other. "We religiously adhered to our commitment not to negotiate (directly) with the PLO," he says, adding that such indirect contacts can bear fruit, but they demand extra time.

Time was very short in April-May 1982, when, sensing that war was imminent, the U.S. tried to shore up the ceasefire on the northern border. Draper toured Syria, Lebanon and Jordan and tried to get these countries to pressure the PLO not to break the ceasefire and to prepare the ground for better security arrangements in South Lebanon.

Draper says that one of the ideas raised by the Americans was that the PLO pull its artillery — "too much of a threat to Israel" — out of South Lebanon. Draper declined to go into what kind of Israeli *quid pro quo* the U.S. had suggested at the time, though apparently both the PLO and Israel refused to make — or make quickly enough — the type of concessions required. Palestinian terrorists shot Israel ambassador to London Shlomo Argov, and war became inevitable. "The moment (I heard) Argov had been shot, I knew that that was it," recalls Draper.

We turn to U.S. policy in Lebanon between 1982-85. Draper says it began with a "success," with the American "cover" for the PLO evacuation of Beirut. But "our more ambitious goals (subsequently) suffered a setback. But if you're not willing to try, you content yourself with the *status quo*, which was very bad." In diplomacy, he says, "one shouldn't be paralyzed by the possibility of disappointments and setbacks." Draper denies that the U.S. from the outset misunderstood or mis-evaluated Syria's spoiling role and aims in Lebanon. "We knew (Syria's) central importance," he says.

Looking back at his 27 years of involvement in the affairs of the region, the consul-general points to two major changes since 1959: the existence of the Israel-Egypt peace treaty and peace process, and the willingness of "many Arabs" today to make peace with Israel. But the Arab radicals, he adds, "are as opposed as ever" to peace. In 1959, he says, "when I first came, we thought it was inconceivable that there would be peace between Israel and any of its Arab neighbours."

PLO report shows it knew of Lebanon invasion in advance

Jerusalem Post Reporter

TEL AVIV. — Some two months before Israel's invasion of Lebanon in June 1982, the PLO command had guessed what was about to happen in the light of reported cabinet and Knesset developments, increased civil defence preparations in the north, and the imposition of censorship on one item.

This emerges from a report prepared on the basis of a top secret meeting of the PLO's supreme military command.

The report fell into Israeli hands,

and is to be published by Ma'arachot, the defence establishment's publishing house.

The PLO paper, quoted in *Davar*, notes "reports from Jerusalem" of full scale military preparations by the Northern Command, and "unusual civil defence preparations in northern towns and settlements."

Also noted were arrangements for media coverage of the invasion, and a military censor's ban on publication of a PLO warning.

The PLO document noted that prime minister Menachem Begin

had met with opposition leaders Shimon Peres, Haim Bar-Lev and Yitzhak Rabin to discuss "defence matters." The document said the PLO had received warnings from "European capitals". It also included sections of an article by *Ha'aretz's* defence analyst Ze'ev Schiff who correctly predicted Israel's war goals.

PLO commanders estimated that Israel's main effort would be directed at South Lebanon, up to the Zaharani river. They also estimated that Israel would bomb PLO headquarters, communications systems

and supply routes as far north as Tripoli. Agents operating in Beirut might try to kill PLO commanders, the report added.

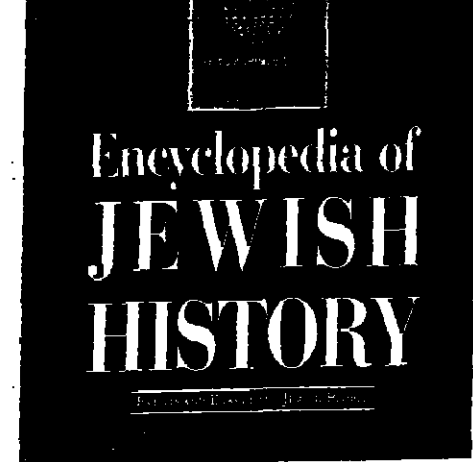
An alternative which the PLO command anticipated was "a wide-scale Israeli attack, including an assault on the Syrians in the Bekaa."

Syria, too, predicted an Israeli military operation in South Lebanon and the Bekaa.

A paper prepared at Syrian forces HQ in Lebanon, on April 28, 1982 said Israel had concentrated four divisions along the Lebanese border and that the IDF and the Christian militias had beefed up positions and laid mines near major intersections.

The Syrian report also cited UN sources as saying that the organizations under-secretary-general had left the area with the impression that the IDF might land troops near the Zaharani to prevent supplies to the south.

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The Manes Affair

A Deepening Scandal Has a City Off Balance

By MICHAEL ORESKES

FOR 14 years, Donald R. Manes was one of the most powerful figures in New York politics. As Borough President of Queens, a sprawling county that by itself would be the nation's fourth-largest city, he voted on municipal contracts, shaped development and influenced decisions on who became a judge. In his second role as Democratic county chairman, he presided over one of the most powerful political organizations in the state.

He was courted by Presidential candidates and, when the Democrats were in power, was a guest at the White House. Around City Hall he was affable and well-liked. But somewhere in his impressive rise, prosecutors now say, Mr. Manes went bad. In the back rooms, they contend, he was extorting bribes in exchange for government favors. Early on the morning of Jan. 10, just as hints of scandal began surfacing, Mr. Manes slashed his left wrist and nearly bled to death in his car. Wounded physically and emotionally, he left office and waited in seclusion. Then, on Thursday night, after an old friend had turned on him in the continuing investigations, he pulled a 14-inch knife from a kitchen drawer and plunged it into his heart. Within minutes, he was dead.

The personal tragedy of Mr. Manes's fall has no doubt added a poignance to what otherwise might have been just another government scandal. Beyond that, the Manes affair, as it has become known in the headlines, has spurred a thicket of investigations of dozens of city agencies and officials, reaching into areas beyond the purview of the Queens leader. Every rock in town, it seems, is being turned over by prosecutors, commissions and reporters, all trying to find out who stole how much and where. So many commissions are looking into what happened and what to do about it that the head of one group, a former United States Attorney named John S. Martin Jr., resigned Friday, saying the study Mayor Koch had asked him to conduct — of city contract policy — was redundant.

But a disturbing element sets the recent revelations apart. It is not just a case of public officials taking bribes. The trouble lies at one of the soft spots of democracy, the intersection between government and politics. It

was the combination of Mr. Manes's control over the county political organization and his post as Borough President that gave him power over patronage and city contracts, making extortion possible.

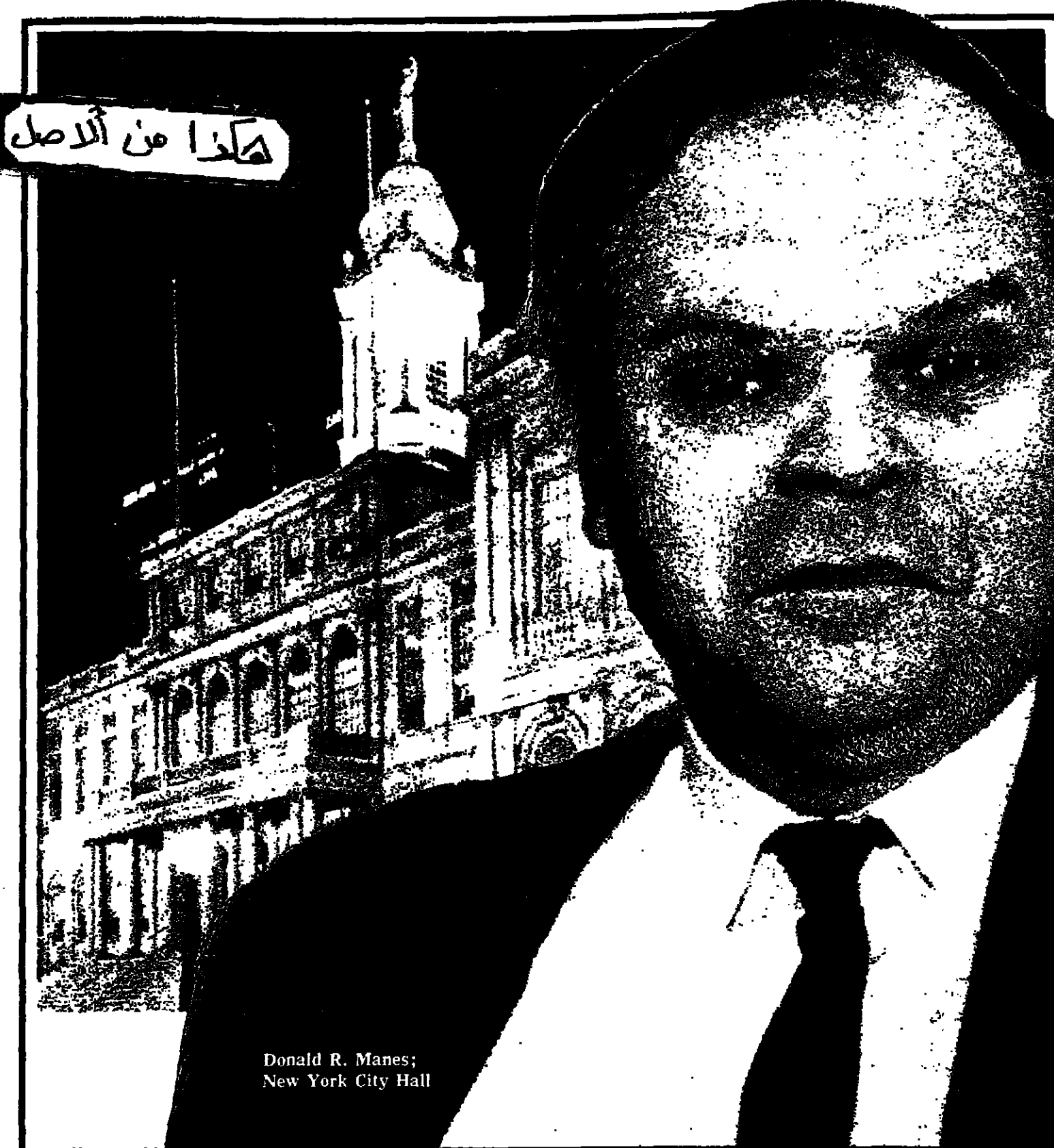
The scandal has badly shaken the administration of Mr. Koch, who finds himself struggling to stay ahead of the disclosures rather than charting a course for the third term to which he was just overwhelmingly elected. Before a ballroom full of the city's movers and shakers the other day, the Mayor, who had been a friend and political ally of Mr. Manes, felt the need to declare that "city government will go on." Indeed, just before Mr. Manes killed himself, the City Council chose his longtime deputy, Claire Shulman, to succeed him as Borough President.

But Mr. Koch's associates concede that his government has, at least in the short run, been "thrown off balance," as the former Deputy Mayor, Robert F. Wagner Jr., put it. More than 20 officials have left City Hall in the last two months, and even the Mayor has made no real effort to distinguish between those departing under a cloud, such as his Taxi, Transportation and Investigations Commissioners, and those who simply decided to move on.

Already, there are fears that the city's reputation is being tarnished anew just as it was completing its comeback from the fiscal crisis of a decade ago. At a Democratic fundraising dinner Wednesday, Senator Daniel Patrick Moynihan said that he, for one, did not help win \$1.65 billion in Federal loan guarantees for New York City "in order for it to be turned into loot."

In a New York Times/CBS News poll published last week, 61 percent of the New Yorkers surveyed said they thought corruption in the city was widespread. Half thought Mayor Koch knew of the corruption, though there has been no public evidence to suggest this.

Mr. Koch has taken to reciting the scandals of earlier administrations, including one in which bodies were taken from the morgue during Mayor LaGuardia's administration and sold to medical schools. And, in fact, the details known publicly so far do not necessarily describe a scandal worse than many previous ones, though the full extent of the troubles is far from clear. Still, the Mayor, joined by Governor Cuomo, last week named a commission to examine instances of cor-



The New York Times: Chester Higgins Jr. and Larry C. Morris

ruption, favoritism and conflicts of interest in government and to recommend reforms.

The prosecutors have lost Mr. Manes as a target and as a potential witness against other corrupt officials. But they are continuing their examination of the Democratic organization, the distribution of patronage and the rewards for party loyalty. While Queens has so far gotten most of the public attention, prosecutors say they are equally interested in the activities of the Bronx organization and its chairman, Stanley M. Friedman, who was rewarded for his political power with a share in a computer company. He then helped the

company win a contract from the New York Parking Violations Bureau, the enforcer of parking tickets and the same agency that, prosecutors say, Mr. Manes manipulated.

Exactly when it all began no one can, or will, say. Mr. Manes was re-elected in Queens in November with 84 percent of the vote. But at almost the moment of victory, Federal investigators were laying the groundwork for his fall. It began with an informant in Chicago, which is suffering through its own municipal corruption scandal. The tip led the prosecutors to Bernard Sandow, a contractor who collected bad debts

for both Chicago and New York. Confronted with allegations that he had paid off officials in both cities, Mr. Sandow led prosecutors to Geoffrey G. Lindenauer, deputy director of the New York parking bureau and a longtime friend of Mr. Manes.

Prosecutors put the heat on Mr. Lindenauer, and after weeks of pressure he cut a deal. He admitted in Federal court Monday that he had extorted \$410,000 in bribes from three contractors at the parking bureau and shared the money with others. In exchange for some measure of leniency, he began telling prosecutors who the others were.

The President Presses His Case for the Contras

Is Nicaragua's Revolution Exportable?

By DAVID K. SHIPLER

WASHINGTON
IS Nicaragua the first drop of red in a Communist stain that will spread across the mainland of North America, or is it just a scruffy little country where nothing works, least of all the export of revolution? Both caricatures have been served up during the last two weeks in Washington, a city impressed by the power of images, as debate has raged over President Reagan's request for \$100 million in aid to the contras, the guerrillas who have been trying to overthrow the Sandinista Government in Managua. If the aid is approved, Defense Department officials said last week, the President was prepared to send American military advisers to train the contras in Honduras, though not in Nicaragua itself.

The President has pressed hard for the aid and plans to push for it again in a television address tonight. But facing the likelihood of defeat in the House of Representatives this week, some Administration supporters have urged a compromise that would provide funds only after the failure of genuine diplomatic efforts.

Mr. Reagan has warned of "strategic disaster" should Nicaragua crush the rebels, for that, he has said, "would mean consolidation of a privileged sanctuary for terrorists and subversives just two days driving time from Harlingen, Tex." Opponents, including religious leaders, have ridiculed the notion of the security of the United States being threatened by "tiny Nicaragua."

As usual in international politics, the reality is probably murkier than the competing images. Nicaragua is small, weak and fraught with internal economic and social problems. (Sandinistas' non-military problems, page 2.) It is also a beneficiary of Soviet aid, which has enlarged the Nicaraguan armed forces considerably since the Sandinistas took power in 1979 from the dictatorship of Anastasio Somoza Debayle—a change that had the blessing of the United States, which switched after long supporting the Somoza family's rule.

But some experts on Soviet affairs, even in the State Department, say they doubt the White House prediction that Nicaragua will become a second Cuba, for they see no evidence that the Russians intend to establish military bases there.

"Nicaragua fell into their lap," said one Soviet specialist in the State Department. "It wasn't something they set out to achieve. It delighted them when it happened. But I don't think they would risk a single soldier to save it." As to a naval or air base, "No," the official said emphatically. "They have calculated that a base would precipitate a military move by the United States to eliminate it." Indeed, after erroneous reports that Soviet-built MIG fighter planes were being shipped to Nicaragua, the Reagan Administration

reportedly warned Moscow that any such equipment would simply be removed by force; American officials believe that the Russians know where the lines have been drawn, a message emphasized by the President's rhetoric.

No Marines Needed

This suggests that the Soviet-American conflict is much less serious than portrayed by the Administration, in the view of Robert E. Hunter of Georgetown University's Center for Strategic International Studies. "If it's so bad," he said, "we should send in the marines." Since it is not that bad, he added, the President should stop saying it is, lest he hand the Russians the appearance of an automatic victory if the Sandinistas continue to rule, as seems likely.

On a local level, however, Nicaragua may pose problems for some of its vulnerable Central American neighbors. The Reagan Administration contends that Moscow has provided \$500 million worth of military equipment to Nicaragua. Most of it, according to a State Department specialist on Central America, is old, used material from Cuba. A Congressional staff member told laughingly of watching a Nicaraguan exercise involving 30-year-old T-54 tanks. "They couldn't hit the broad side of a barn," he said.

Of course, even outmoded tanks can be intimidating to the contra guerrillas and the small

armies of other countries in the region. Furthermore, in 1984 the Russians delivered advanced Hind helicopter gunships; Nicaragua now has an estimated six MI-24 gunships, which, combined with six MI-2 helicopters and 12 MI-8's, provide effective firepower against the rebels. In addition, according to the International Institute for Strategic Studies in London, Nicaragua has more troops than any other Central American country, with 62,850 regulars, although the Honduran air force is superior.

The Sandinistas deny that they are exporting revolution.

Nor has Moscow seemed very enthusiastic about subversion backed by Nicaragua and Cuba, according to a State Department specialist on Soviet affairs.

No significant insurgencies have gained footholds in Costa Rica, Honduras or Guatemala. But evidence has mounted of Nicaraguan supplies to the insurgent movements in El Salvador, whose rebels maintain offices in Managua.

"I think there are many reasons to be concerned," said Mark Falcoff, a conservative analyst at the American Enterprise Institute. "These are countries that have historically had very weak governments," he said. "I wouldn't necessarily subscribe to the domino theory, but I don't think it's a very good idea to have a string of Soviet clients in Central America."

Opposing Tyrants of the Left and Right

THE American people believe in human rights and oppose tyranny in whatever form, whether of the left or the right," President Reagan told Congress in a foreign policy statement last week. The statement differed from the Administration policy proclaimed by Jeane J. Kirkpatrick, the former delegate to the United Nations, who maintained that "traditional authoritarian" regimes were "less repressive" than Marxist regimes and therefore more acceptable to the United States. The newly defined policy seemed to reflect the Administration's recent achievements in helping remove right-wing dictators, Ferdinand E. Marcos from the Philippines and Jean-Claude Duvalier from Haiti, as well as its decision to deplore publicly the human rights violations of the Pinochet Government in Chile.

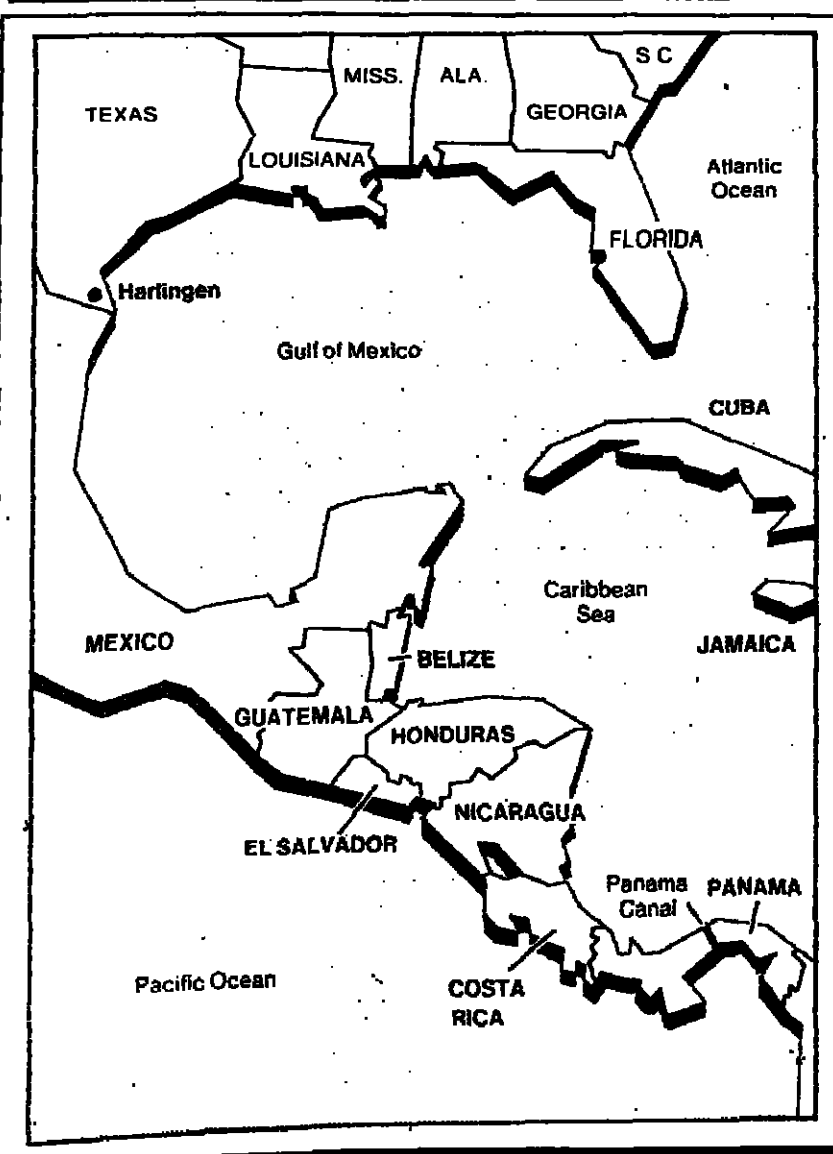
However, skeptics also saw in the policy message a tactic to advance the Administration's argument that Congress should approve \$100 million in aid for the anti-Communist insurgent forces in Nicaragua. "We use our influence," the President

said in the statement, "to encourage democratic change."

Several passages of the message are a castigation of Soviet expansionism. The statement argues, "In Nicaragua, the democratic resistance forces fighting against another Soviet- and Cuban-backed regime have been holding their own despite their lack of outside help."

Giving examples of the new policy in action, the statement notes that "we have met these responsibilities — in difficult circumstances — in Haiti and in the Philippines," but it contains no mention of Mr. Marcos, until recently a friend of the White House.

The Administration also promised last week to give Manila 1,500 financial documents the Government there wants to help it recover money and property, estimated in the billions of dollars, that Mr. Marcos is said to have accumulated illegally. Administration officials also disclosed that Mr. Marcos, staying in Hawaii and unhappy with the way the United States is treating him, has decided that he wants to live in another country.



The World

Debate on Arms Raises Doubts About a Summit

There was a lively exchange of arms control statements between Washington and Moscow last week, but no signs of progress toward new disarmament agreements. And the apparent stalemate seemed to push back the probable date for the next meeting between President Reagan and Mikhail S. Gorbachev. American officials said the summit, to be held in this country, now seemed unlikely to occur this summer and might not be held before the end of this year or early in 1987.

On Thursday, Mr. Gorbachev, the Soviet leader, said Moscow would extend its halt on nuclear testing for as long as the United States also held off on experiments.

On Friday, President Reagan said he had sent Mr. Gorbachev a more specific proposal for verifying the yield of nuclear tests and had invited Soviet scientists to visit a Nevada nuclear test site in April, when the United States is to conduct another experiment.

On Saturday, Tass, the Soviet press agency, dismissed the invitation to visit Nevada and the verification proposal as a "familiar propaganda gimmick," which is exactly the way Washington often sees Soviet proposals.

Israeli Convention Turns Into a Brawl

Israel's right-wing Herut Party convened last week for the first time since Prime Minister Menachem Begin resigned as its leader in 1983, and the meeting turned into an extraordinarily bitter four-day free-for-all.

The convention was abruptly adjourned a day early and before Yitzhak Shamir was formally endorsed as party leader.

Under an agreement with the Labor Party Prime Minister, Shimon Peres, Mr. Shamir, who is Deputy Prime Minister and Foreign Minister, and Mr. Peres are to swap



Yitzhak Shamir at Herut Party convention in Jerusalem last week.

jobs in October. By week's end, Mr. Peres's advisers were said to be encouraging him to use the crisis in Herut, which is the core of the Likud bloc, to break up the Labor-Likud coalition and enable Labor to put together its own government.

Herut officials said they hoped the party meeting could be reconvened once tempers had cooled. That might take some time. From the start of the convention, supporters of Mr. Shamir and backers of Ariel Sharon, the Minister of Industry and Commerce, and David Levy, the Minister of Housing, pushed aside scheduled debates over ideology and national strategy to concentrate instead on old and new grudges, many of them involving generational and ethnic differences. Mr. Sharon and Mr. Levy, who are allies, enjoy wide support among younger, poorer Sephardic Jews from Arab and North African states; Mr. Shamir draws much of his backing from the predominantly European Jewish establishment.

The principals themselves helped make the debate anything but uplifting. At one point, Mr. Shamir called Mr. Levy "a liar driven by megalomania." Mr. Levy, for his part, said the deportment of Mr. Shamir was "better suited to Disneyland." Mr. Shamir, forced from the rostrum by chanting opponents, was escorted out of the hall by police who separated him from fist-waving followers of Mr. Sharon and Mr. Levy.

Sending Missiles To Saudi Arabia

The Reagan Administration informed Congress last week that it intends to sell Saudi Arabia \$354 million worth of advanced missiles, probably provoking a new battle in an old war over arms for Arab nations. The battle may be different in

two respects from some past conflicts over Saudi arms deals.

For one thing, Israel does not intend to mount a massive campaign against the sale. Although they oppose it, senior Israeli officials indicated that they want to avoid a messy political fight with what is perceived to be a friendly Administration. The missiles, they said, do not threaten Israeli security.

For another, the world economy has blunted the Saudis' most powerful lobbying weapon. With the oversupply of oil, one Administration official argued, "it is easier for some Congressmen who don't like the Saudis to vote against the sale because they don't have to worry about lines in front of gas stations."

The Administration also defended the proposed sale as a sign of support for the Saudis at a time when there is concern around the Persian Gulf that Iran might extend its war with Iraq to Kuwait or Saudi Arabia.

Spaniards Decide To Stay in NATO

Spain, which became the 16th member of the North Atlantic Treaty Organization four years ago, voted last week not to become the first in the alliance's 36-year history to leave. The margin was nearly 53 percent to 40 percent, with the rest of the ballots blank or invalid. The outcome probably had as much to do with the popularity of the Socialist Prime Minister, Felipe González, as with the merits of NATO. Mr. González hinted that he would step down if his countrymen decided to step out.

Most polls taken up to a week before the election showed a margin of 4 to 10 percent favoring withdrawal, a course recommended by the Communists and some small pacifist groups as well as ultra-nationalist parties on the right. The strongly pro-NATO conservative opposition asked Spaniards to abstain from voting as a protest to a referendum that it maintained was meaningless, since general elections are to be held by October and the likely favorites—Mr. González and the conservative leader Manuel Fraga—are both pro-NATO.

For his part, Mr. González worked hard to win last week's vote, arguing that NATO membership was essential to Spain's economic and technological growth. Although the reverse is hardly true—Spain is not yet fully integrated into the alliance's military command—American and Western European officials were worried that a withdrawal might set a precedent for other countries, especially Greece. Said a State Department statement: "We are pleased that the Spanish people have chosen to continue their nation's association with its 15 partners in the collective defense of our common heritage."

Kohl Is Facing A Second Inquiry

A few months ago, West Germany's Christian Democrats, led by Chancellor Helmut Kohl, seemed to be looking ahead to victory in national elections early next year. Now, they are getting anxious.

The Bonn prosecutor's office said last week that it was opening a judicial investigation into the possibility that Mr. Kohl had given false testimony to a parliamentary inquiry. The investigation will be the second into Mr. Kohl's testimony about his role in the country's biggest political corruption scandal, which involves allegations of bribery by the Flick, the giant company whose holdings include paper, chemicals and steel.

The first investigation, by the Cologne prosecutor, involves Mr. Kohl's statement that he did not know that certain tax-free foundations were fronts for illegal payments to political parties. The second, in Bonn, will go into whether the Chancellor tried to cover up the receipt of \$23,500 from Flick that never appeared on the Christian Democrats' party ledgers. The money was said to have been picked up by Mr. Kohl's secretary, Juliane Weber.

When Mr. Kohl learned of the second investigation, he looked shaken, but said he expected "fair treatment like any other citizen." In West Germany, a judicial investigation is a legal step that indicates a suspicion of wrongdoing but stops short of an indictment.

If Mr. Kohl were indicted, pressure for him to resign would increase. And, indictments notwithstanding, his political position seems somewhat shaky. One of his old rivals, Kurt Biedenkopf, appeared to be making a comeback in national politics as he was elected head of the Christian Democratic organization in North Rhine-Westphalia, West Germany's most populous state. And there were signs of coolness between the Chancellor and Finance Minister Gerhard Stoltenberg, who is widely regarded as the most likely candidate to succeed Mr. Kohl should the party decide to replace him.

Richard Levine, Milt Freudenheim and James F. Clarity

Aquino's Choice as Military Adviser Draws Criticism



Philippine Army Rangers, the troops considered most effective against Communist insurgents.

Albert Padilla

In Manila, the Army May Still Hold the Swing Vote

By SETH MYDANS

MANILA — In quiet pain, the Philippine armed forces accepted President Corason C. Aquino's release of top Communist leaders from prison, and they seem ready to accept her tactic of a cease-fire with the insurgents, though military leaders say it may cost soldiers' lives.

But the military protested publicly last week when Mrs. Aquino, acting outside the normal channels of promotion and apart from the dominant clique of younger officers, decided to make an air force officer her military adviser.

A growing Communist insurgency is the main military challenge faced by the nation. But it is internal reform that preoccupies the armed

forces today and that, as much as anything else, inspired the military dissidents who challenged President Ferdinand E. Marcos, helping bring Mrs. Aquino to power.

This reform of a powerful military establishment, and control of the military itself, are among the most crucial tasks the new President must handle.

Mrs. Aquino's conciliatory overture to the insurgents must be accompanied by a curbing of the military abuses that have stirred discontent, particularly in areas where poorly trained and equipped troops have exercised often-unchecked power.

She also must bring under her control a military establishment that has gained a new stature and potential influence over her.

Because of his role in driving Mr. Marcos from power, Defense Minister Juan Ponce Enrile, who held the same job under Mr. Marcos, has become the most powerful person in the nation apart from Mrs. Aquino herself. He is the one holdover from Mrs. Aquino's Government, the one representative of Mr. Marcos's Cabinet, the one man who, during martial law, was imprisoning dissenters who included several of his new colleagues. He is the one man with an independent power base that could potentially challenge Mrs. Aquino, and the shadow of Mr. Enrile hangs over the formation of a new ruling group.

In an interview last week, Mr. Enrile asserted that his unequivocal support for Mrs. Aquino was "like the charge of the light brigade." But at the same time he conceded that in an early meeting with her he had found it appropriate to remind her that the armed forces had driven out one president and held the power to drive out another.

"Why should they be afraid of me? I'm asking you," he said. "How will I prove to them my good faith, that I'm not interested in running this country or to set up a junta or any kind of government? I could have had it if I wanted to."

A Message to Mrs. Aquino

But he said he had taken a message to Mrs. Aquino from the younger officers who had backed his challenge to Mr. Marcos, telling her, "We do hope that we do not have another Marcos in the Philippines, because if that happens then we might have to do it again."

When the same officers challenged Mrs. Aquino's promotion of a longtime supporter, Lieut. Col. Adelberto Yap, to colonel, saying it echoed the patronage abuses of Mr. Marcos, the new President reacted directly, in her emerging populist style of leadership.

In a gray Range Rover—a striking contrast to the convoys of armored black limousines her predecessor used—she left her modest office and drove across town to Camp Aguinaldo, where Mr. Enrile and Gen. Fidel C. Ramos had opened their challenge to Mr. Marcos three weeks ago.

Forging the 21-gun salute Mr. Marcos used to insist on, and without other ceremony, she sat to listen to the grievances of 34 lieutenant colonels who had been passed over. It was presumably the same sort of "dialogue" she intends to use in dealing with the Communist insurgents. The spectacle of a president stooping to hear the complaints of a group of junior colonels was a new one for the Philippines. But in a gesture of determination that did not pass unnoticed, Mrs. Aquino took her new adviser, Colonel Yap, with her when she met the complainers.

Though it was the military that boosted Mrs. Aquino into power late last month, it was her own popularity, which drew millions into the streets to protect the rebel soldiers, that made it possible for them to succeed.

For now, this unquestioned popular support is Mrs. Aquino's great weapon, against a newly energized military as much as against a newly perplexed Communist insurgency that fears its constituency is slipping away toward the center.

"The popular will is in her favor," said Mr. Enrile, as he asserted the military's own support for her.

Around Camp Aguinaldo, bits of yellow raffia—Mrs. Aquino's campaign color—still hung from the barrels of some rifles, and her campaign stickers were still pasted to the butts of other weapons. Yellow balloons bobbed above two armored personnel carriers that guarded Mr. Enrile's office.

General Ramos, whom Mrs. Aquino quickly named her armed forces chief of staff, has already embarked on the military reforms Mr. Marcos was resisting. He has begun the long-awaited retirements of overstaying generals who owed their positions to patronage, and he has moved to detain some of the generals who have remained loyal to Mr. Marcos.

Like Mr. Enrile, General Ramos was a powerful if disaffected figure in the Marcos Administration. Like him, the general has vowed allegiance to Mrs. Aquino's Government and voiced respect for the "people power" she commands. The challenge for Mrs. Aquino will be to maintain direct civilian control over a military that supports her as a matter of its own choice but remains her greatest potential competitor for power.

The Contras Are Not Capitalizing on Nicaragua's Discontent

The Revolution Still Has Soft Spots

By STEPHEN KINZER

MANAGUA, Nicaragua — Six and a half years after the Sandinista revolutionaries swept into power, they have not achieved their goals. Unemployment is chronic and widespread; factories stand idle; export earnings have tumbled; housing construction is at a virtual standstill; foreign debt has tripled; goods are often scarce or unavailable. Many Nicaraguans are frustrated and angry that their conditions of life are, in some ways, worse than before the revolution.

President Daniel Ortega Saavedra appears acutely aware of the level of dissatisfaction. After delivering his annual report to Parliament last month, he launched into an extemporaneous monologue about the "errors and deficiencies" of his Government. He said it had fallen behind in its debt payments and was therefore unable to use millions of dollars in credits from friendly countries. He put the inflation rate at 328 percent, and said education and health care programs were being cut back. "We are not doing too well," he concluded. "We are having problems."

Mr. Ortega did not hesitate, however, to take credit for what his Government had accomplished. The number of students in high schools was at a peak and that a reorganized police force had made Nicaragua second in Latin America in the proportion of crimes solved, he said, and health officials did not report a single case of polio during 1985, which is largely attributable to vaccination campaigns sponsored by Sandinista groups. He did not have to mention that his Government provides food and basic goods to all needy families at subsidized prices. The revolution's most enthusiastic defenders include young people and the tens of thousands of rural laborers who have benefitted from land distribution.

Government officials acknowledge that there is a good deal of grumbling in Nicaragua. The reasons are not only economic. The revolutionary Sandinista program is still very new and jarring to many Nicaraguans. The Government's sweeping changes in patterns of commerce, land ownership and social organization have provoked deep resentment in many quarters. A military



Bare shelves at a supermarket in Managua.

draft, imposed two years ago for the first time, is unpopular. In addition, some religious Nicaraguans view Sandinista rule as disrespectful to traditional church authority.

With all this dissent, it would appear that anti-Government rebels, known as contras, have a ready-made popular base. In fact, the rebels have never gained a foothold in the capital or any other populated area. They have suffered major setbacks at the hands of the Sandinista army, and are pinning their hopes on the Reagan Administration, which has asked Congress to give them \$100 million in military and non-military aid.

The people of Nicaragua, who appear more anxious for prosperity and tranquility than for political change, have never risen up in any visible way to support the contras. By contrast, when the Sandinistas were organizing a rebellion in the 1970's they found many civilians ready to shelter them, feed them and even die for them. The contras, much to the disappointment of their

backers, have rarely, if ever, managed to spark the same devotion.

So popular discontent does not necessarily mean that Nicaraguans are ready to support the contras. Some may be instinctively sympathetic to the rebel cause but discouraged by the rebels' lack of progress. Others worry that bringing the contras to power might mean a return to the days of the deposed Somoza family dictatorship, which some senior contra leaders served as military officers. Still others fear the vigilant security police, who announced last week that they had caught three C.I.A. agents working to infiltrate the Interior Ministry. Many Nicaraguans are simply weary of war, which has battered the country for eight years almost without pause and has taken 14,000 lives since 1980. "The Christian seeks his enemy's repentance, not his death," Bishop Pablo Antonio Vega said last week in a reprimand to the warring groups.

One senior Sandinista leader, Minister of Agriculture Jaime Wheelock, said most Nicaraguans recognize that the Sandinistas are severely restricted because they must spend nearly half the national budget on defense. "As long as people perceive that we are on the side of the poor and dispossessed, and as long as they perceive that we are victims of a foreign aggression, they will be with the revolution," Commander Wheelock said. "In this sense, it may even be that the aggression helps us. If we were at peace, it would be harder for us to explain the causes of economic problems."

Mr. Wheelock, who is a member of the nine-man Sandinista National Directorate, suggested that the Government grows stronger every day it remains in power. "Thousands of people are still here working, even though they may disagree with our policies," he said. "Every one working in this society is within the political framework we have established, and that in itself is a measure of our success."

Keeping Inside the 25-Mile Limit

How the Russians Cause a Nuisance By Their Presence

By ELAINE SCIOLINO

WHEN the Reagan Administration ordered Soviet missions to the United Nations to cut their personnel, United States officials said the missions were used for espionage and the resources of the Federal Bureau of Investigation were strained by monitoring the movements of so many potential spies. How much damage the order will do to U.S.-Soviet relations was not immediately clear. Moscow said it would not help the atmosphere of the summit that is to be held in Washington this year or early next year; but the Russians did not threaten to cancel the meeting. While the diplomats pondered, the F.B.I. kept tracking suspected spies.

Indeed, with only 1,135 agents in the New York City area to cover all types of crime, it would be impossible for the F.B.I. to monitor all 275 diplomats, secretaries, chauffeurs, maids, guards and janitors attached to the missions and the more than 600 other Soviet citizens who work officially as United Nations employees, journalists, trade representatives and tour operators. "We have to prioritize," said John L. Hogan, head of the F.B.I.'s New York office, "and we hope we're covering the targets that are the most critical to national security."

In New York, keeping tabs on potential spies presents its own problems. To lose a tail, a target can easily pop into the United Nations buildings, which are off-limits to the F.B.I. and New York City police unless there is an official United Nations request. "The U.N. is pretty much a sanctuary," said James M. Fox, the special agent who heads the counterintelligence unit that watches Soviet citizens. "Fortunately," he said, "there are friendly people inside the U.N."

Rather than watching individual Soviet targets, counterintelligence agents rely more on "spider webs," that is, on watching potential meeting spots, although high-level targets are still followed and subject to electronic surveillance. When Iona Andronov, a 48-year-old correspondent of the Moscow-based *Literary Gazette*, was assaulted by two men while trying to cover a United Mine Workers strike in McCarr, Ky., last September, an F.B.I. counterintelligence agent on his tail rescued him.

The bureau works closely with the Office of Foreign Missions, an arm of the State Department created to impose restrictions on foreign missions in the United States on the basis of national security and treatment of American personnel abroad.

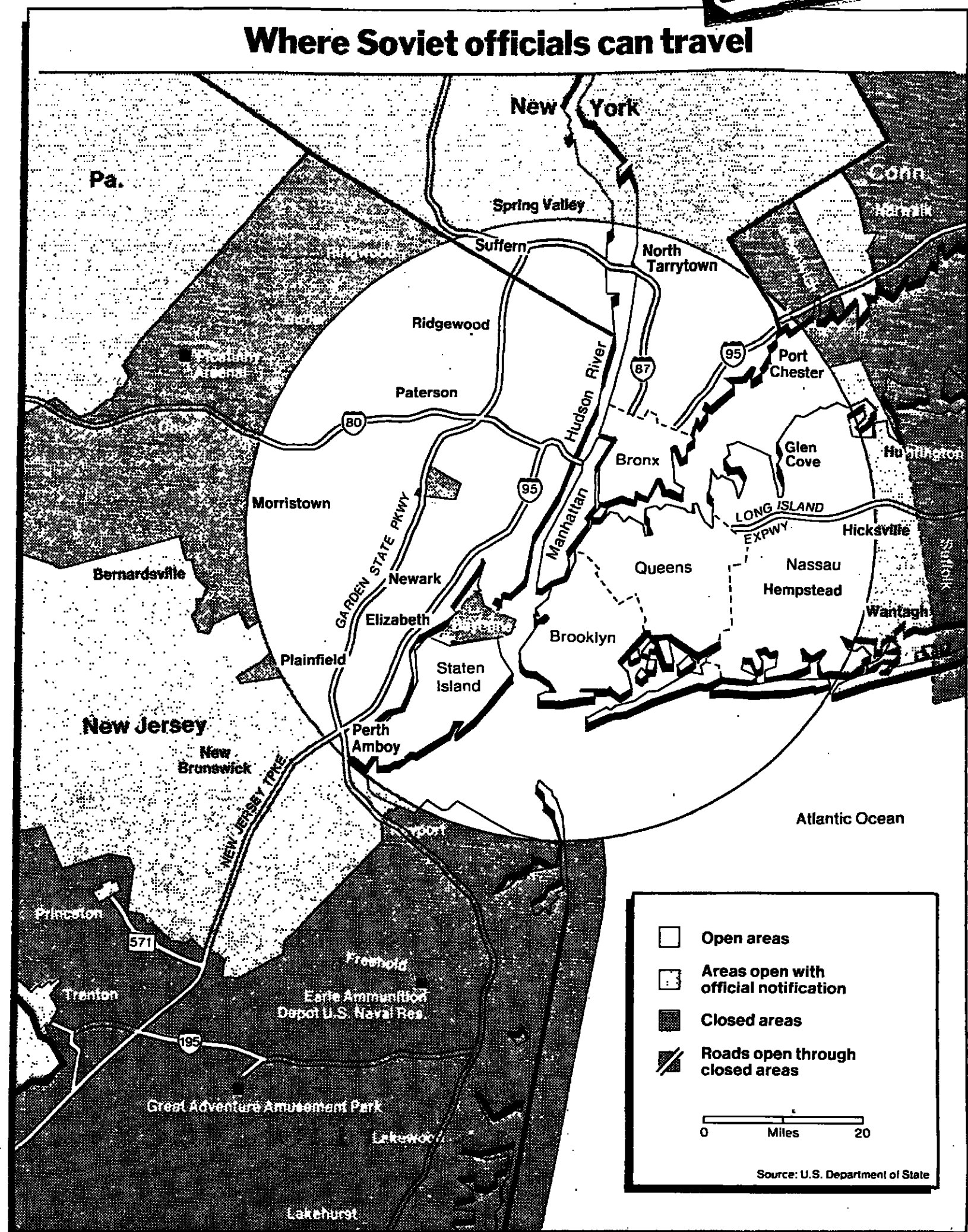
Personnel at several embassies and missions, including the Soviet ones, are required to request from the United States Mission permission to travel beyond a 25-mile radius of New York, and they must book all hotel, train and plane reservations through the Office of Foreign Missions, which also approves their purchases of telecommunications and construction equipment. Written requests must be submitted at least 48 hours in advance, along with forms that provide such information as the purpose and method of travel, departure and arrival times, travel routes, and the names of passengers. About 20 percent of the United States, including such areas as the Mississippi River, Hawaii and Silicon Valley are always off-limits to Soviet citizens.

Obeying Orders

Two years ago, when a foreign official with permission to travel was caught speeding on the New Jersey Turnpike, he refused to obey a state trooper's order to leave the highway because it was his approved route and he was not authorized to take other roads. He got off the turnpike and took an unauthorized route only after police summoned a truck and crane to haul his car away. Last Mother's Day, when the Cuban mission, whose employees' travel is also restricted, organized a picnic near North Tarrytown, just inside the 25-mile limit, the cars left in a long convoy so that no one would get lost.

Even if the Soviet Union makes the required cuts in personnel, which they charge are illegal, it is questionable whether this would crimp their ability to conduct intelligence activities. Before the end of the year, the Soviet Union is expected to open a consulate in New York, and the office of Aeroflot, the Soviet carrier, is also scheduled to reopen. And the American order will not restrict the number of temporary Soviet personnel assigned to United Nations functions, including the four-month General Assembly every fall. Said the F.B.I.'s Mr. Nolan, "While I think the reduction in numbers can help, the net loss won't be as big as it looks."

Where Soviet officials can travel



Chun Resists a Call for Direct Elections

The Feistier Opposition in South Korea



Lee Min Woo (left), president of New Korea Democratic Party, and Kim Young Sam (center), another opposition leader, at a Seoul rally last week supporting a petition drive for a new constitution.

By CLYDE HABERMAN

SEOUL. South Korea — For the first time in several years, the diverse elements that loosely make up South Korea's anti-Government camp have an issue they can rally around. Dissident politicians, clergymen and activist students have begun to demand direct Presidential elections next year to supersede an electoral college system generally presumed to favor President Chun Doo Hwan and anyone he may want as his successor when his term expires in early 1988.

Opposition politicians in particular have pressed the issue. Campus militants picked up the call, and last week the campaign gained momentum when South Korea's Roman Catholic primate, Stephen Cardinal Kim Sou Hwan, added his support. For a preacher who had not said much lately about politics, the Cardinal was surprisingly critical. Not to be outdone, the Korean Na-

tional Council of Churches, representing 3 million Protestants, shook off a long political torpor late in the week, calling for a constitutional revision to permit direct elections.

It was probably premature for talk of a new coalition. Anti-Government forces have gone separate ways for years, split by differing ideologies, old rivalries and personal ambitions. But it was the first time in a while that they had found a broadly compelling issue. In their leaders' view, their campaign is one that a majority of South Koreans can support, the suspicion being that Mr. Chun would not win a popularity contest if he were to permit one.

What they seek, dissident politicians say, is merely democracy. But clearly they also want a shot at power. They would replace an electoral system that gives them little chance with one that might produce a contender from their ranks; a likely candidate would be Kim Dae Jung, perhaps the most prominent anti-Chun figure.

The demand for direct elections in 1987, reinforced by a petition drive to muster popular support, seems to have rankled the authoritarian Government and ruling party more than almost any other development in recent years. It strikes at the heart of Mr. Chun's desire for a place in South Korean history, which rests on his pledge to step down in 1988 after the single seven-year term provided for in the Constitution he drafted. Perhaps he rose to power in a military coup.

Perhaps he has remained deeply unpopular in many circles because his troops once gunned down several hundred civilians in the city of Kwangju. But if he keeps his word in 1988 — and present signs suggest that is likely — he will become the first South Korean leader ever to transfer power peacefully. It would be no small legacy.

Inconsistencies on Both Sides

To accomplish that, Chun supporters insist upon a moratorium on constitutional change until at least 1989. They argue that to hold direct elections before then, or even talk about them, risks divisiveness endangering national security and undermining the 1988 Summer Olympics in Seoul.

In battling its critics lately, the Government has been inconsistent. First, it placed hundreds of opposition politicians under house arrest. Then, in the face of strong protests from the United States and other sources, it released them. For weeks, officials have promised to arrest anyone who signed an opposition petition. But they have yet to make good the threat. Still, there are many new faces in jail. Early last year there were only 60 to 70 South Koreans judged by international human-rights groups to be political prisoners. Now more than 1,000 people are believed imprisoned.

The opposition, also often inconsistent in tactics, is prepared to press the constitutional issue with vigor. Emboldened by the success of anti-Government forces in the Philippines, politicians poured into the streets of Seoul last week for a half-hour protest. By recent Philippine standards, the assemblage was small. It also was peaceful, and the police kept their distance. But the outburst was almost without parallel during a regime which usually breaks up demonstrations quickly.

Opposition leaders are concerned that time is against them. With each passing month, Mr. Chun moves closer to 1988. To some anti-Government politicians, that is a persuasive argument for more militant measures, both to keep the issue alive and, perhaps, to force Mr. Chun into a politically damaging over-reaction. That does not mean collision is inevitable. But there is an unusually fine line here between caution and weakness. Korean tradition makes it unhearable for anyone to seem irresolute. The question is how much pressure the opposition can safely apply before the Chun Government, bolstered by a disciplined military, feels obliged to strike back.

The Swiss Look Hard at The U.N. and Themselves

By THOMAS W. NETTER

GENEVA. AS the European headquarters of the United Nations and its adjuncts, this Swiss city is host every year to 30,000 diplomats and international civil servants, 120 international organizations and some 13,000 meetings. So it is something of an anomaly that Switzerland is the only major European country and, with North and South Korea, one of only a handful of states that are not members of the United Nations.

That standoffishness, so central to the national personality, is at issue today as the Swiss vote on Government plans to join the world body. No referendum has captured more attention or prompted more debate. "To remain neutral and free, a 'no' vote is essential," reads one political advertisement. And from the looks of the latest opinion polls, a slight but still decisive majority seems to agree.

Since Switzerland's neutrality was guaranteed by the Congress of Vienna in 1815, it has been a cornerstone of its "raison d'état." "If the world needs us, it always knows where to find us," says a historian who opposes membership, arguing that

neutrality would be overwhelmed by the political nature of United Nations debate.

Others disagree. The United Nations may have its shortcomings, they say, but that is no reason to avoid a forum for multilateral discussion in an increasingly bilateral world. Swiss membership would cost little more than the 170 million francs (\$39 million) the country now spends as a member of 19 United Nations and specialized agencies. Its conscript army could not be forced to fight someone else's battles, proponents say.

"Being absent from a world organization, Switzerland isolates itself," says Francesca Pometta, ambassador and permanent observer for Switzerland at the United Nations. Mrs. Pometta and others argue that today's realpolitik requires Switzerland to join, that it is no longer politically expedient merely to watch. "Accustomed to dialogue and consensus, Switzerland could add its voice of moderation and conciliation to the debates," says Elisabeth Kopp, a member of the governing Federal Council.

Under Switzerland's system of "direct democracy," in which the results of referendums can override Government policy, the voters now have the last word.



The Nation

Reagan Takes Up The Cudgel for Immigration Bill

Ronald Reagan has not been shy about lobbying for such matters as cuts in domestic spending and aid to the rebels in Nicaragua; now, for the first time, the President has apparently decided to twist a few arms on behalf of immigration legislation.

Last week he had a few key members of Congress over and personally underscored his interest in doing something to curb the flow of illegal aliens into the United States, deficit reduction notwithstanding. Said Peter W. Rodino Jr., the New Jersey Democrat who heads the House Judiciary Committee and was one of the President's guests: "He understands that the bill is going to take a certain amount of money, \$1 billion a year for four years."

It is not altogether certain that Mr. Reagan's involvement will make a difference. The Immigration and Naturalization Service warned last month that there had been a "startling" surge of aliens pouring across the Mexican border. But experts in and out of Government have been sounding such alarms for years and have yet to startle Congress into resolving its differences.

The Senate passed its version of a comprehensive immigration bill in 1982, 1983 and 1985. The House, more cautious and tending to bicker bitterly over allowing aliens into the country temporarily to harvest fruits and vegetables, cleared its own bill in 1984 by a whisker. Mr. Rodino's committee has tentative plans to take up a 1985 model on April 8.

Packwood's Plan For Tax Revision

For months, it has been certain that any tax revision measure emerging from the Senate this year will be different from the bill the House passed in December and from the proposal put forward by President Reagan last spring. A possible



Senator Bob Packwood discussing tax plan at White House last week.

shape to the dissimilarities emerged last week when Bob Packwood, the Oregon Republican who is chairman of Senate Finance Committee, gave his colleagues a point of departure for the work they will begin Wednesday: his own draft bill.

The Packwood proposal for comprehensive change in the Federal tax system, the Senator said, would provide a slightly bigger tax cut for the poor and a slightly smaller cut for the wealthy than would the House bill. Among other key differences — though there are many similarities — is that to pay for the \$184 billion in tax cuts he is proposing over five years, Mr. Packwood contemplates \$13 billion in new revenues from higher excise taxes on alcohol, cigarettes and gasoline and other fuels.

The Packwood plan would also limit the deductibility of state and local taxes for upper-income Americans. The House had retained full deductibility; the White House had proposed eliminating it altogether.

On the spending side of the Federal ledger, Mr. Reagan's proposals fared far less well. The principal blow was not the House's ritual denunciation and rejection, 312 to 12, of the White House budget request for the fiscal year beginning Oct. 1. It was a three-year budget plan proposed by Pete V. Domenici, the New Mexico Republican who is chairman of the Senate Budget Committee.

The Domenici proposal would give the military an increase only to make up for inflation and would generate \$16.2 billion in additional revenue. Until last week, Mr. Domenici had been one of the few Senate leaders pushing for a Pentagon allotment that would do more than make up for inflation. Mr. Reagan has asked for an 8 percent increase on top of a 3.4 percent inflation adjustment.

Financial Records

Tumbling oil and gasoline prices helped drive a main inflation gauge — the Producer Price Index — down

a record 1.6 percent for February. Friday's report of the decline ignited another of the week's almost daily stock market rallies. Trading was so heavy late in the session that statistics on New York Stock Exchange activity were delayed. When they were completed, the Dow Jones industrial average had jumped 39.03 to 1,792.74, closing the week with a record net gain of 92.91 points. Volume for the week was also at a record, at 880.8 million shares.

But economists if not investors worried Friday about reports showing that industrial output fell a sharp six-tenths of 1 percent last month while inventories rose. Those and other recent surveys indicating lackluster economic performance "all tend to suggest we'll see a fair amount of weakness" in the months ahead, said John Paulus, an analyst for Morgan Stanley.

Mayor Goode Begins Rebuilding

Mayor W. Wilson Goode of Philadelphia has begun to dig himself out from under the rubble of last May's explosive confrontation with the radical group MOVE. In an eight-minute television appearance Sunday, the Mayor issued a formal apology for the incident, which led to the deaths of 11 people and one of the worst fires in the city's history.

"For me, personally, May 13 was the most tragic day in my life," Mr. Goode said. "Each day I live with its memories. . . I wish that May 13 had never happened — but it did and I am sorry for that."

At a news conference Monday, Mr. Goode promised that his administration — sharply criticized by a special commission that investigated the confrontation — would cooperate in any subsequent grand jury review of the police attack on a MOVE headquarters. The panel, which the Mayor appointed, said among other things that he had been "grossly negligent" in handling the crisis and had "abdicated his responsibilities." The District Attorney is considering the commission's recommendation that a grand jury be convened to consider criminal charges.

Mr. Goode, who said he did not think he would or should be indicted, avoided direct questions about his political plans. He had been saying that he intended to seek a second term next year. Last week he said only that "1987 will take care of it."

A Guarded Report On U.S. Hospitals

Dragging its heels all the way, the Government released last week lists of hospitals in which patients undergoing certain treatments die at unusually high or low rates. The rosters, compiled from Medicare records for 1984, showed that at some hospitals more than twice as many patients died than would have been expected under standards established by Washington's health-care pulse-takers.

The initial publication of the lists came only after the Federal Department of Health and Human Services concluded that, with the appearance of an article about the data in The New York Times a few days earlier, release of the numbers eventually would be required under the Freedom of Information Act. The publication was praised by consumer groups and criticized by various medical organizations.

As the lists were released, officials smothered them with caveats. "This was never meant to be used by consumers," said Dr. Henry R. Desmarais, the acting head of the human services department's Health Care Financing Administration. "I don't think it is really useful for making judgments."

Still, most authorities agreed that the data clearly show that patients who undergo a surgical procedure at a hospital where the operation is performed infrequently are more likely to die.

Jack Owen, executive vice president of the American Hospital Association, called the listings "seriously flawed" but added: "I don't think there's any question that many of those hospitals with high death rates doing less than a certain number of procedures a year should not be doing them."

The information was compiled by Dr. Desmarais's agency to help designated local officials monitor the quality and necessity of care given to patients whose bills are covered by Medicare, the Federal health program for the elderly and the disabled.

One principal list shows 269 hospitals with abnormal overall mortality rates, 142 with death rates higher than average and 127 with rates lower than average. H.H.S. released other listings that show hundreds of hospitals with higher or lower than average death rates for patients treated for nine common medical problems, including pneumonia and clogged coronary arteries.

Michael Wright,
Caroline Ranc Herron
and Alan Finder

Q & A: Mayor George V. Voinovich

The Air Is Leaking Out Of Cleveland's Cushion

MORE than 3,500 mayors and other municipal officials, members of the National League of Cities, met in Washington last week to seek ways of containing the damage done by Federal aid cuts required under the new budget-balancing law. One of the mayors' principal efforts — many of them said privately it is almost sure to fail — is to save general revenue sharing, which has provided \$4.2 billion a year for local governments to use as they wish. Among the most successful beneficiaries of that program is George V. Voinovich, the Republican Mayor of Cleveland and a former president of the national league, whose city is said to have acquired more Federal funds per capita than any other major municipality since President Reagan entered the White House. In Cleveland recently, John Herbers, national correspondent of The New York Times, talked about the state of the cities with Mayor Voinovich, who has become increasingly outspoken in his opposition to the urban policies of his national party. Excerpts from their discussion follow.



The New York Times, Barney Tavel

'A domestic program is just as important . . . as defense policy.'
George V. Voinovich

Question. What will Cleveland's situation be next year if cuts in Federal aid under the new balanced-budget law go into effect?

Answer. We have been — I won't say fortunate or not — but we have managed during the last six years with a couple of tax increases and with cuts in our services. As we see the situation, this year we will end with a zero balance. We don't like to do that. Like everyone else, we like to finish with some kind of a cushion. But we anticipate we'll be able to struggle through.

If the revenue-sharing payment is eliminated for the city — we'd really like to know if Congress is going to go along with that as early as possible.

We'd have to get more money, and if the voters turn us down, we would then be in a position where we'd have to make massive layoffs. We had an operations improvement task force about five years ago. We had the private sector spend three months going through our operations so that we could provide services in a more efficient way. There really isn't anywhere else we can cut without serious deterioration of services.

Q. Well, suppose worst comes to worst, what can you do?

A. Put this in a national perspective.

We're much better off than a lot of other cities. We have a city income tax, which we levy on commuters. As a matter of fact, today only one out of every four dollars that comes to operate the city comes from city residents. The rest comes from people who come into the city every day and from our businesses. We're not like other cities that have only the property tax to look at. Many of those cities, as you know, have tax caps.

I've been trying to get the White House for almost five years to hold a White House task force

on constitutional and legislative impediments to local government to solve their own problems.

The problem we really face today in this country is that neither Congress nor the Administration has admitted, up front, that the programs now being provided for by the Federal Government are necessary. They should say forthrightly, starting with the President of the United States, that these programs are necessary, that for one reason or another he doesn't feel they should be funded on the Federal level — To at least lay the groundwork for those of us who are on the street and confronted with the problems.

There is, of course, Senator Moynihan and several other people who have the theory that the reason the President allowed these deficits to increase over the years was because there was some plot that when the deficits got so bad they would be used to eliminate domestic spending. I don't think that that's been the hidden agenda, but

we're now in that position.

Q. Is it your position that those programs could be eliminated if cities and states could maintain them, or are there some that the Federal Government should continue?

A. A domestic program is just as important to the well-being and survival of this nation as is the defense policy. There are great areas of unevenness, and those areas have got to be responded to.

Today in our town — I'm not trying to be a bleeding heart, but the number of people going to our hunger centers — and we have probably one of the most sophisticated networks of hunger centers of any city in the country — has quadrupled.

I would support a program that says once unemployment gets down to 6 or 6½ percent, programs that stimulate our economy be eliminated. And revenue-sharing could be targeted more. Now the question is how far do you target it? In terms of the National League of Cities, our position is it should be reauthorized, period. But we're realists, and if push came to shove and it got down to a program where we would be able to maintain it for the most needed areas, you would find that we'd end up supporting it.

Q. Can the state of Ohio do more for its cities than it's doing now?

A. I don't really see any kind of expenditure of additional funds on the part of state government in Ohio, particularly because this is an election year and also because of the fact that no one in Washington is saying that there's going to be required state and local dollars to make up for the loss of Federal money. They're ignoring it.

Q. What is Cleveland's economic base now? It used to be heavy manufacturing.

A. Well, heavy manufacturing-durable goods is still a part of our economy. But it's much less.

The lack of commitment on the part of this country on the Federal level to manufacturing — it's an awful ambivalence. Let's put it this way. The manufacturing that we have today, what's left of it, is leaner and meaner and has gone to advanced manufacturing technology. It is not the kind of industry that is going to create new jobs.

The people who have been unemployed traditionally are still out there, except that the lines are longer and the people who are ahead of them are folks that already have work records and in many instances have more skills. They're the displaced workers who need retraining.

Q. You've set up a complex of centers to take care of displaced workers and the homeless, and help feed them. Who is paying for this?

A. It's a smorgasbord of resources. But as the Federal Government withdraws, more and more is going to be required from the community. This business of local groups coming forward and picking up the ball. There's only so much that they can pick up.

I go around the country and I tell everyone, trying to do the best that I can to speak on behalf of the citizens of my city and the citizens in other parts of the country. And I think I'm being a very good and loyal Republican by what I'm doing, because if by 1988, if our party is perceived as ignoring the needs of the people who live in American cities; if our party is looked upon as — as I've said to the Vice President many times — as the party who doesn't know what the hell is going on in the streets, or does know and doesn't give a damn, then we are in big trouble.

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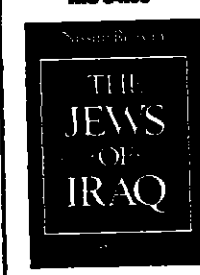
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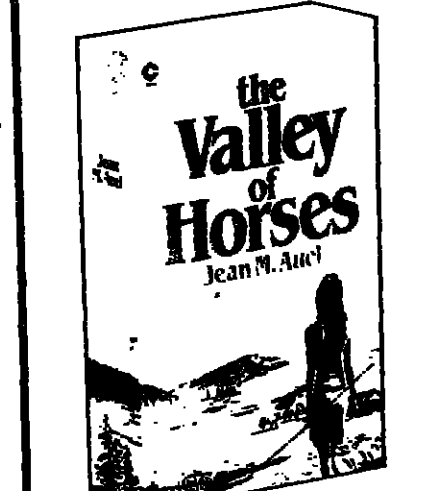
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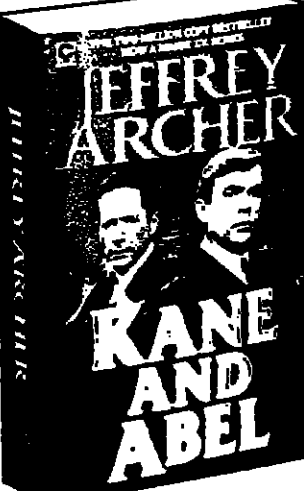
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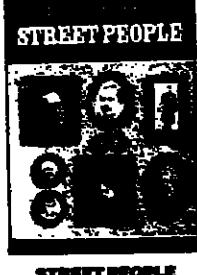
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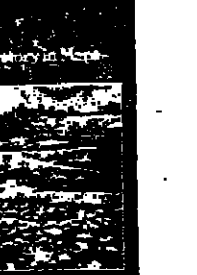
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סדרה מן האגדה

A New Era of Low Interest Rates

By PETER T. KILBORN

WASHINGTON
A FEW years ago, with their children grown, Liz and Nelson Casmer bought a piece of land not far from their home in suburban Pittsburgh, planning to build a smaller house on it. But it was not until November, when interest rates made houses more affordable, that they found a buyer for the four-bedroom house they had owned for 22 years.

The Casmers then approached J. Roger Glunt, a Pittsburgh-area builder who specializes in single-family homes selling for \$100,000 to \$150,000 and whose business, he said, is now the best it has been in five years. Besides customers, he says he has banks pouring in the door. "They're flooding us with rate sheets saying, 'Hey! We've got money!'"

Next, the Casmers went to one of these lenders, Mellon Bank, which had knocked its rates for 15-year and 30-year conventional mortgages below 10 percent at the start of the year, sooner than most other lenders. "We are probably doing in the vicinity of \$20 million a month in western Pennsylvania," said Gary Frauenthor, executive vice president in charge of mortgage banking. "That compares with \$3 million to \$4 million a month a year ago." The bank granted the Casmers a 9½ percent, 30-year loan.

As Pittsburgh goes, so goes the nation.

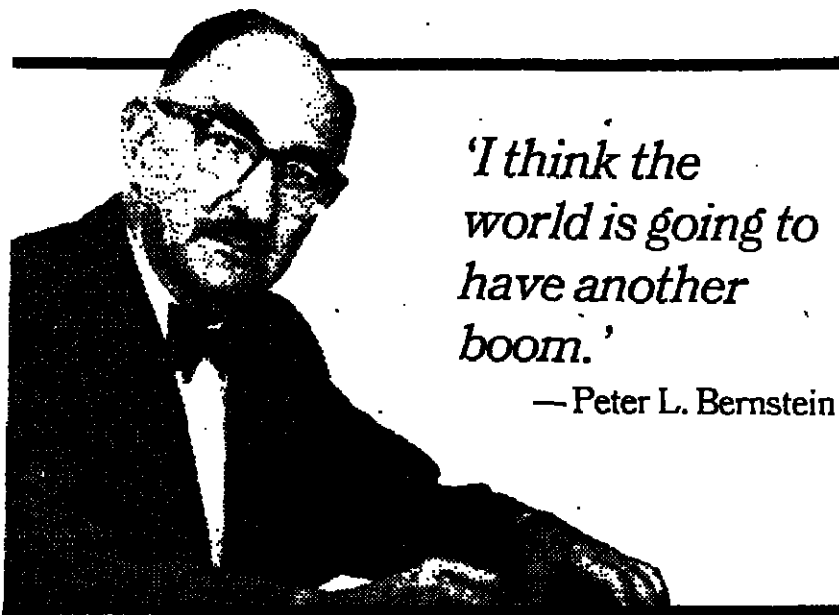
Any economist, businessman or politician who just a few months ago predicted anything akin to the current combination of mortgage rates that dip into single digits, inflation of 3 to 4 percent and \$15 oil could not have found a job even in that citadel of American optimism, the White House, or in the thousands of lesser institutions that trade on economists' foresight.

Yet the economy has delivered itself of just such a mix of extraordinary good news. And if the booming stock market is any indication, spirits across the land are soaring. Interest rates, dropping into territory not seen since the 1970's, have been the single most important set of numbers, buoying the mood and kicking off Wall Street's heady rise. And the good times — heralded by a new era of lower lending rates — seem here to stay awhile.

Some pessimists, of course, warn that it could all blow away in the summer breeze, with a dive of the dollar or a reversal of oil prices. Some also caution that if good times are coming, many narrower components of the economy — such as business investment or automobile sales — have yet to point that way.

But the fundamentals are overwhelmingly good. During the past year, interest rates have dropped 3 percentage points on average; many economists see them slipping still a bit more this year before they settle on a gentle low plateau for the balance of the 80's. Lending, more than any other force, makes the economy go 'round, and analysts now speak of an explosion of borrowing and spending to keep the economy growing for years.

None of the leading economic forecasters can see a recession for at least several years. Instead, they see growth of 3 percent annually, which is about what the economy requires to grow at infinitum without giving rise to higher inflation. That means Ronald Reagan, with three straight years



'I think the world is going to have another boom.'

— Peter L. Bernstein

of economic growth under his belt, may now be presiding over the debut of the longest stretch of low-interest-rate prosperity since Eisenhower.

"All the ingredients that were so troublesome 5 and 10 years ago are falling into line," said Fabian Linden, consumer economist at the Conference Board in New York. "Lower interest rates mean there's money around to do all the things that money does. It buys factories. It buys houses. It buys cars. Lower interest rates mean we can use money more lavishly. Then we get oil. That's a tremendous serendipity. We appear to be moving into a new era of vigorous growth." Rarely, he said, has he seen such promise for prolonged growth — and lower interest rates are the key to his optimism.

"I can't foresee anything that would push us into a high-interest-rate, high-inflation kind of world," said Laurence H. Meyer, head of the

Postwar Boom and the Soaring Sixties. The economy, they say, seems to have tamed the business cycle's 20-year pattern of pushing and pulling and settled into a much more tranquil and healthy course.

The stock market certainly reflects the good times. Since the start of last year, the Dow has shattered one record after another, racing to almost 1,800 from what from what just a year ago seemed a not-so-bad 1,200. The message is clear: Investors figure that over the next two or three years, corporations will be harvesting profits, from big-spending, big-borrowing consumers, in magnitudes unknown since the last sustained booms of the 50's and the 60's.

What has happened is a massive change in the inextricable, often volatile, relationship of interest rates and inflation. The United States has completed four years of 4 percent annual

'The conventional wisdom about everything getting better now is full of baloney'

— Sam Nakagama



St. Louis forecasting firm that bears his name. Compared to five and six years ago, said Peter L. Bernstein, of the consulting firm Peter L. Bernstein Inc., "interest-rate peaks are lower and the lows are lower: That is probably the way it's going to be." As a result, he said, "I think the world is going to have another boom. I don't know when it's going to come, but it's going to come big."

With a respectful eye on the ram-paging stock and bond markets, considered by many to be the economy's best prognosticators, many economists are now beginning to invoke the aquatic metaphors of sea changes and tidal waves, creating images as strong as the Roaring Twenties, the

prices climbed in the 1979-1980 period. And over the past year or so, that sustained improvement has finally persuaded long-term lenders that they can begin to whittle down the inflation premium they build into the price they charge for money.

And most other borrowers are reveling in the lower rates, from the corporations that borrow to expand their plants and work forces to the debtors of Latin America. The banks' prime lending rate, on which they base their loans, has dipped to 9 percent, less than half its 21½ percent peak in the winter of 1980 and 1981. Top-rated corporate bonds, over 15 percent at their highs in 1981 and 1982, were down to 10 percent at the end of

The Economy

WEEK IN BUSINESS

A Surprising Choice For the World Bank

The choice of Barber B. Conable Jr. to head the World Bank was a surprise to many, although most concede it was a pleasant one. Others that had been mentioned for the job included Paul A. Volcker, Bill Brock and William E. Simon, all of whom have far more experience with developing nations than Mr. Conable, a former Congressman from upstate New York. But analysts say that Mr. Conable may be a more effective leader than A. W. Clausen, the incumbent. A conservative Republican, Mr. Conable gets along well with the Reagan Administration and is likely to be of greater help with the Baker plan to increase the lending role of the multinational development agency.



Barber B. Conable Jr.

Producer prices plunged 1.6 percent in February, the biggest drop ever, mainly because lower oil prices are trickling through the economy. Gasoline prices, for example, dropped 11 percent, and home heating oil dropped 26 percent. Combined with continuing low interest rates and the stock and credit market booms, that bodes well for the future. But the oil drop has a downside too: Industrial production fell a steep six-tenths of 1 percent because drilling for oil and gas have been cut back. . . . Business inventories jumped seven-tenths of 1 percent in January and sales fell three-tenths of 1 percent. . . . Consumers went \$6.9 billion deeper in debt in January, but retail sales dropped one-tenth of 1 percent in February.

OPEC ministers are meeting this weekend, but analysts doubt they can put aside their differences long enough to agree on a strategy to shore up oil prices. Although most major producers in the group are suffering revenue falloffs because of the drop in prices, they are afraid that production limits, which would aid prices, would allow non-OPEC producers to grab more of the market.

Exxon and Chevron are trimming nearly \$4 billion from their capital expenditure budgets as oil exploration becomes less lucrative. And as American companies develop fewer reserves, economists see a greater danger that this country will again become dependent on foreign supplies.

The roar of the markets was deafening last week, with the trading euphoria enveloping individual investors as well as institutions. Volume on the Big Board was a near-record 210 million shares on Wednesday, the day after a stunning 43-point gain in the Dow industrials. By the end of the week, the 1,800 level loomed closer, with a close of 1,792.74, a record gain of 92.91 points for the week.

Bonds gained strongly, too, despite a couple of sessions of profit taking.

The F.D.I.C. will try to rescue all banks, regardless of size, in a policy it says it is adopting until such a time as it can "permit" banks to fail. The agency and its chairman, L. William Seidman, have been criticized for allowing small banks to fail while rescuing bigger banks, such as Continental Illinois, to avoid the severe effects a big failure would have on the nation's banking system. Under the new policy, the agency will seek mergers

for all failed banks, and is asking for the authority to operate banks on its own while a buyer is sought.

The base for a Senate tax plan was unveiled by Bob Packwood, the Oregon Republican who heads the tax-writing committee. Mr. Packwood's plan calls for tax cuts for individuals averaging 8.4 percent, higher taxes for corporations, more excise taxes and reduction or repeal of the deductibility of state and local income taxes and some interest payments.

A. H. Robins would be placed under a trustee appointed by Federal bankruptcy court if a Justice Department motion is granted. The Government says that Robins made \$5.6 million in unauthorized payments, including \$1.2 million in deferred compensation to executives. Robins says the payments were honest mistakes.

Japan is dumping chips on the American market, the Commerce Department said. The preliminary rulings are expected to further pressure Japan to open its markets.

A leveraged buyout for Revco for \$1.16 billion has been proposed by executives of the big drugstore chain. The buyout would follow the \$1.18 billion deal for Jack Eckerd.

Gulf and Western can keep the Canadian operations of Prentice-Hall as long as it sells a majority stake of Ginn, a smaller publisher, to Canadian buyers.

The F.A.A. plans to fine Eastern up to \$9.5 million for what the agency says are numerous safety violations. The fine, if imposed, would deepen Eastern's money troubles.

Peru is resuming payments on its foreign debt after a nine-month moratorium and says it is ready to begin renegotiations with banks.

White Consolidated accepted a \$74.6 million offer from Electrolux, after rejecting an earlier bid. The big Swedish company hinted that it might like to sell White's machine tool operations.

Miscellaneous. The Senate plan to sell Conrail faces major changes in the House.

INVESTING / Lawrence J. DeMaria

Playing the Oil Patch for the Long Term

CONVENTIONAL wisdom has it that the oil patch will be gushing nothing but red ink for quite some time.

But amid all the gloom over plummeting oil prices, some experts are beginning to think that the situation could change. Last week, the First Boston Corporation, for instance, predicted that Saudi Arabia and OPEC will eventually get their ducks in order and push up the price of oil. That proclamation sent the stocks of certain companies soaring.

Indeed, while not actively recommending the sector, some analysts have culled a selective group of stocks of major oil and oil service companies that might suit long-term investors. That group includes Royal Dutch/Shell and Exxon among the oil companies and Halliburton and Schlumberger among the oil service companies.

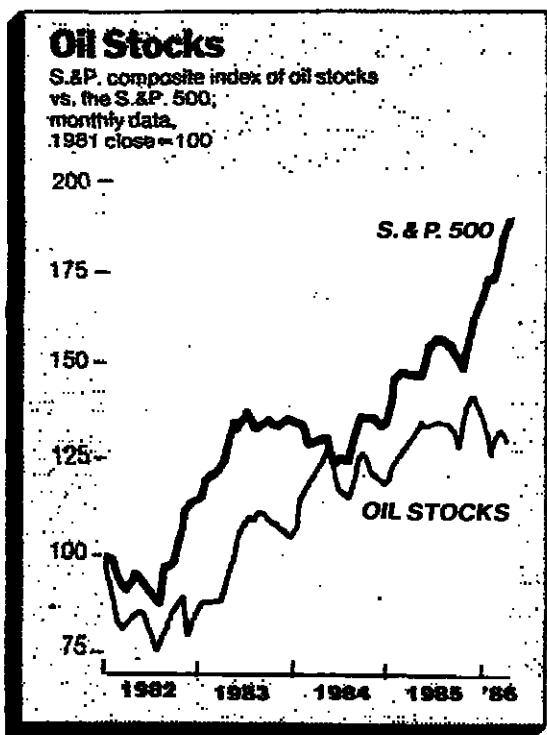
But the oil sector remains volatile. Should oil stay at the \$12 level, or fall to \$8 or \$9, many experts expect a major shakeout, especially among oil service companies and some producers saddled with heavy debt. The shakeout can take many forms, including dividend cuts (Amerada Hess just omitted its payout), acquisitions and bankruptcies.

Thus, most analysts are urging extreme caution. "We are discouraging investment in the energy sector," said Frederick P. Leuffer, a senior oil analyst at Cyrus J. Lawrence, a New York investment firm noted for its expertise in the field.

But while Lawrence is officially urging clients to limit their exposure to oil stocks to 5 or 6 percent of their portfolios, Mr. Leuffer notes that the situation can reverse itself. "On a purely economic basis, the price of oil should be below \$10 a barrel," Mr. Leuffer commented. But traditionally, oil, as a commodity, does not trade on a purely economic basis; its price is determined by many other factors, not the least of which are political.

The key may be the effort by the Organization of Petroleum Exporting Countries — perhaps this weekend — to restore some control over pricing, either internally or by prevailing on non-OPEC countries to cut back on their output. Mr. Leuffer said that if OPEC managed to cut back by, say, even one million barrels a day, rising demand from an economic recovery based on low oil prices might "soak up" the world's excess oil and push prices up.

"The price of oil could go to \$8, head back to the mid-teens, and then level off," he postulated. The next six months may be rough, he said, because



spring and summer always are a period of slack oil demand. But should OPEC be even partly successful in cutting back production, supplies may be squeezed in the winter.

Still, Mr. Leuffer warns investors to "avoid the walking wounded" among the oil companies — he cites Phillips, Unocal, Occidental and Texaco among them — where debt and/or legal problems add too much uncertainty, and dividend maintenance is a challenge.

But among the oil companies that are "so financially strong" that maintenance of the dividend should present no problem, Mr. Leuffer likes Royal Dutch/Shell Group, Shell Transport and Exxon, all of which have yields in the 6 percent range.

Another stock, Kerr McGee, has plucked Mr. Leuffer's interest. At about \$28 a share, yielding just over 4 percent, Kerr is at the low end of its 52-week range. He notes that Kerr currently has \$12 a share in cash flow that is "relatively insensitive to dropping oil prices," because the company has di-

versified and "has a lot of coal production." Indeed, Mr. Leuffer considers Kerr "an undervalued asset play" that is a possible takeover target.

Of course, Mr. Leuffer comments, one way major oil companies will weather the coming storm and maintain dividends will be to slash capital spending. And "that will kick oil service companies very hard," he noted, adding, "It is very early in the washout period in the service companies." On Thursday, Exxon and Chevron announced multibillion dollar cuts in exploration budgets.

Scott A. Nedrow, Cyrus Lawrence's oil service analyst, also is highly cautious, and notes that the firm is not recommending the oil service sector either. But he points out that not every oil service stock is a candidate for Chapter 11 in the coming bloodbath. "For a long-term investor, with a time horizon of two and a half to four years, one can invest in strong-balance-sheet, large-market-share oil-service companies."

The four companies Mr. Nedrow likes are these: •Halliburton: "Its balance sheet is one of the strongest in the Fortune 500," he said. Halliburton is selling in the \$23 range, down from its \$36 high in late 1980. Mr. Nedrow believes that the dividend is very safe, as long as oil does not fall to the \$8- to \$10-a-barrel range and stay there.

•Schlumberger: This New York-based company, Mr. Nedrow said, "has \$4.5 billion in cash, with the prospect of that cash building at \$500 million plus a year, a technology-based business and a change in management that seems to be focusing on the shareholders by buying back the stock." The stock is around \$31; in 1980, it was near \$90.

•Dresser: This is a diversified energy company, based in Dallas, that Mr. Nedrow considers "a value play on its balance sheet," with \$16 in working capital a share and a "host of undervalued assets such as pension funds, real estate, insurance subsidiaries and LIFO reserves." Dresser is at \$18.

•Baker International: "One of the stronger of the second-tier oil service companies," Baker is more exposed in the oil patch than his other choices, Mr. Nedrow noted, because it is less diversified. But "even in the \$10 oil scenario, you still have the ability to pay the dividend if management chooses to." At \$12, yielding over 7 percent, Baker is, in Mr. Nedrow's estimation, "the most logical takeover target in the group." Who might grab Baker? "Schlumberger or Halliburton, or an industrial conglomerate that would want to play the oil patch."

The New York Stock Exchange				
MOST ACTIVE STOCKS				
WEEK ENDED MAR. 14, 1986				
(Consolidated)				
Company	Sales	Last	Net Chng	
Beat Co	10,721,200	48½	+ 2½	
IBM	10,415,700	150½	+ 4½	
AT&T	9,838,100	23½	+ ½	
Stor T	9,058,200	3½	- 1½	
US Steel	9,021,200	23	+ ½	
Wn Air	7,579,800	11½	- ½	
Phil P	7,437,000	10½	+ ½	
Mobil	7,213,900	29½	+ 2½	
Occi Pet	7,187,700	24½	+ 1½	
U Carb	6,980,300	19½	...	
Es Kod	6,526,600	58½	+ ½	
Bnk Am	6,478,200	17½	+ 1	
Exxon	6,424,600	55	+ 2½	
Reynlr	6,287,700	42½	+ 5½	
K Mart	6,177,000	42	+ 3½	
Standard & Poor's				
400 Indust	260.4	247.8	280.4 +12.30	
20 Transp	215.0	208.1	215.9 + 7.24	
40 Util	104.5	100.2	104.5 + 4.12	
40 Financial	31.1	29.4	31.1 + 1.67	
500 Stocks	236.5	225.3	236.5 +10.98	
Dow Jones				
30 Indust	1799.9	1688.7	1792.7 +92.91	
20 Transp	822.3	784.5	816.2 +24.90	
15 Util	190.4	180.5	189.4 + 7.64	
65 Comb	709.9	670.1	706.5 +31.47	
The American Stock Exchange				
MOST ACTIVE STOCKS				
WEEK ENDED MARCH 14, 1986				
(Consolidated)				
Company	Sales	Last	Net Chng	
Wicks	15,451,000	6½	+ 1½	
DomePet	4,977,500	1½	- ½	
ChampHo	3,585,900	3½	...	
KeyPharm	2,831,600	16½	+ ½	
WangB	2,724,000	21½	+ 1½	
BAT IN	2,679,100	5-15/16	+13/16	
LorimarT	2,330,700	23½	+ ½	
InstSys	2,000,700	2½	+ ½	
HomeG	1,748,500	29½	+ 2½	
Lionel	1,655,800	9½	+ 1½	
MARKET DIARY				
	Last	Prev.	Week	Year
(4 P.M. New York Close)	Week	To Date		
Total Sales	880,834,140	7,453,275,609		
Same Per. 1985	487,481,110	6,039,469,180		
WEEK'S MARKET AVERAGES				
	High	Low	Last	Change
New York Stock Exchange	154.9	148.0	154.9	+6.83
Indust	130.4	126.1	130.4	+3.83
Util	69.4	67.0	69.4	+2.35
Finance	157.6	150.1	157.6	+7.55
Composite	136.1	130.3	136.1	+5.79
VOLUME				
	Last	Prev.	Week	Year
(4 P.M. New York Close)	Week	To Date		
Total Sales	92,235,479	686,521,734		
Same Per. 1985	40,180,740	493,161,120		

The New York Times

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Looking for 'Democratic Revolution'

President Reagan has moved firmly to the American center by at last condemning dictators of every shade, from Leninist red to rightist khaki. His broad commitment to aid "democratic revolution" everywhere follows his Administration's impressive diplomacy in Haiti and the Philippines and its heightened denunciation of tyranny in Chile.

Not coincidentally, the new policy statement precedes a showdown with Congress. Mr. Reagan wants \$100 million in new aid, and American military advisers, for the "contra" rebels battling a Communist-backed regime in Nicaragua. Hearing the applause for his help in chasing the Duvaliers from Haiti and the Marcoses from the Philippines, the President wants to clothe his support of the contras in a democratic aura.

The analogies to Nicaragua are false, but Mr. Reagan's stress on democratic values is most welcome. Even as a lobbying device, it is certainly preferable to the noxious Red-baiting of recent weeks against all who resist further investment in the contras.

As Mr. Reagan's statement recognizes, every intervention abroad needs to be tailored to specific conditions. His declaration can be only a framework of principle to guide diplomacy. The essential principle is that fostering a democratic revolution requires well-timed support for democrats.

The President might reflect on that principle as he restates his Nicaragua case to the country tonight. The United States only assisted, and surely

did not create, the popular resistance to "Baby Doc" Duvalier and Ferdinand Marcos. For 29 years, Washington deplored but never acted against the Haitian dynasty. It nurtured Mr. Marcos for a decade after he set out to be dictator for life. In both cases, America waited for moderate democrats to rally indigenous support against dictatorship.

In Nicaragua, after seven years of rule by a leftist junta and five years of contra insurgency, there is as yet no credible centrist force. Given time, a formidable Roman Catholic opposition and the remnants of an urban middle class, such a force may develop. But it cannot be created by the C.I.A. or inspired by American agents recruited from among the allies and former guardsmen of the despised Somoza dynasty.

It is one thing to contain the Sandinistas, to prevent their providing a Soviet military base, and to help guard the frontiers of their neighbors. Indeed, those objectives are best pursued with Latin American support if they are not polluted by the random, mostly futile aggressions of a proxy army.

In Chile, by contrast, as the Administration shrewdly recognizes, the tide of a long democratic tradition is moving against tyranny. The non-Communist opposition has united behind detailed plans for an orderly return to elected government. General Pinochet has lost any claim to the consent of the governed; he retains power by torture and terror. Conditions are ripe for an American nudge.

As events have shown, "democratic revolution" need not be violent. But to succeed, it has to be democratic.

The Acid Test of Friendship

Canada's Prime Minister Brian Mulroney is visiting Washington this week. He has been working to encourage American investment and defense relationships and should expect a warm welcome. But he and President Reagan are divided on a serious issue. Mr. Mulroney believes acid rain, soured by polluting power plants of the Ohio River valley, threatens North America's lakes and forests. So far, Mr. Reagan has given no sign of sharing that concern.

Acid rain is so insidious because its effects have proved so hard to measure. It starts with the millions of tons a year of acidic gases—oxides of sulfur and nitrogen—that spew from coal-fired power plants and ore smelters. Power plants in the Ohio River valley burn high-sulfur coal and disperse the gases through tall stacks. Wafted by westerly winds, the gases acidify the rain that falls over broad areas of New York, New England and eastern Canada.

Soils and lakes have been doused with this mild acid for years. Some can neutralize the acid; others undergo severe chemical change. Fish sicken and die when lakes get too acid. In forests throughout the Eastern Seaboard trees of several species have died back, acid rain being among the leading suspects. Each link in this complex chain has been vigorously disputed, especially by electric utilities threatened with the higher costs of pollution control, and by regions that produce high-sulfur coal.

But reports from the National Academy of Sci-

ences and the President's science adviser draw the picture with increasing clarity: the pollutant gases cause the distant damage to the delicate fabric of the environment.

The Reagan Administration's steadfast policy on acid rain has been to do nothing except study it. But last year, in deference to Canadian concern, Mr. Reagan appointed his former Transportation Secretary, Drew Lewis, as special envoy on acid rain. Mr. Lewis recently reported that "acid rain is a serious environmental problem in both the United States and Canada." Though that implied the need for immediate action to reduce pollution, Mr. Lewis recommended only a five-year research program on technology to burn coal cleanly.

The least Mr. Reagan can do is to accept that research program. But to do nothing more for five years would be illogical, since Mr. Lewis's call for more research springs from his conclusion that acid rain is a serious problem now. It can be quelled only by reducing pollution now.

Just how much damage acid rain does remains uncertain, but since the ecology of the Eastern Seaboard is at risk, why wait for detail when abundant evidence justifies immediate action? Mr. Mulroney's visit provides a fine occasion for Mr. Reagan to accept that acid rain corrodes nature and life in both countries, as well as the relations between them.

A Chicago-Free Zone

To win the unanimous support of Chicago's fractious City Council these days, an issue must be either motherhood or meaningless. Small wonder, then, that a proposal to declare the city a nuclear-weapon-free zone won swift approval last week. The real wonder is why, once in a declaring mode, the Chicago Council stopped at that. A body of such awesome might that it can stay nuclear terror by pronouncement should not shrink from declaring Chicago also to be:

A Corruption-Free Zone. Ordinary Chicagoans might find that too incredible to swallow. But perhaps they have by now been desensitized by hearing generations of politicians declare themselves innocent just before the cell door slammed shut.

A Machine-Gun-Free Zone. To this day in some parts of the world, people still associate "Chicago"

with Al Capone, black Packards and submachine-gun battles on the city streets. Chicago now probably has no more gangsters per capita than any other American city. But if the Council is determined to pronounce on disarmament, it might as well go all the way.

A Snow-Free Zone. There's also no reason to stop at safe streets. Clear streets would insure smoother traffic and less frustration. Balm weather year-round would insure more tourists. Chicago could become Camelot.

The catch here is obvious. Other jurisdictions might also be tempted to go into the business of wishful declaring. Provoked by Chicago's selfishness in shrugging off its crooks and blizzards and nukes onto the next place, there's no telling what they might then declare Chicago to be.

Letters

We Need Federal Tax Amnesty

To the Editor:

Tax amnesty is not a fad ("The Reckless Rush to Tax Amnesty," editorial, March 7). Properly designed and implemented, it is an innovative and highly cost-effective approach to a serious and systemic problem facing the Federal Government. Massachusetts, New York, California and Illinois are among the major states that have proved that amnesty works. It's an idea whose time has come and now should be tried at the Federal level—not alone, but as part of a comprehensive enforcement, service and communications effort. That is what was proposed last week in the Baucus-Kerry-Gephardt-Donnelly-Atkins tax-gap bill—a measure that immediately picked up broad bipartisan political support.

Under the Massachusetts amnesty, recipients paid all the taxes they ever owed, plus hefty interest (18 percent) for all the time the bill was due. That would be true under Federal proposals as well. What would be waived are added penalties, imposed primarily as a payment prod. (The Internal Revenue Service, incidentally, waived \$2 billion in such charges last year, without an amnesty.)

What's plain is that the present system doesn't work, in part because the I.R.S. has not been given the staff and resources it needs. With 20 percent of the public defying the system, and with honest taxpayers this year subsidizing \$100 billion worth of tax evasion, some new approaches are badly

needed. Tax amnesty, combined with tough enforcement and better customer service, would help honest taxpayers by reducing the subsidy they are now paying and by helping to avoid mindless budget cuts mandated by Gramm-Rudman-Hollings.

No, the states have no franchise on wisdom when it comes to tax administration. And, yes, the I.R.S. is a competent and capable Federal agency. But beyond your glib defense of the status quo, the shocking truth is that voluntary compliance federally has dropped more than 13 percent in just 20 years, while I.R.S. audit coverage has dropped by more than 70 percent, and \$30 billion in delinquent taxes remain uncollected.

We at the state level have our share of problems, but we have been taking some risks, and Massachusetts is not alone in trying some creative and successful new approaches, which those with open minds might just benefit from adopting instead of dismissing out of hand.

Tax evasion is a national disgrace, for which all honest taxpayers are paying a hefty price. In the light of an epidemic with fiscal and moral consequences, I would suggest to you a little less self-satisfaction and complacency about the way things are—and a little more urgency about pushing us along to the way things ought to be.

IRA A. JACKSON
Massachusetts Commissioner
of Revenue
Boston, March 7, 1986

A Judicial Ghetto For the Poor

To the Editor:

The Reagan Administration's suggestion that Social Security cases be shunted from the Federal courts into a "specialized tribunal" (front page, March 9) is a cynical attempt to build a judicial ghetto for the poor.

There is no mystery about why the President wants the poor out of the Federal courts. Last year, Federal judges ruled in favor of poor claimants in more than 80 percent of the Social Security appeals before them. This year, Federal courts have had the temerity to order Social Security officials to follow clearly established law in determining eligibility for Social Security benefits.

Obviously, independent Federal judges with life tenure cannot be trusted to toe the party line and trash the poor. The President's solution—create a new "court" with "judges" who do not have life tenure and can be trusted to be more sympathetic to the needs of the powerful.

There is another answer for too many Social Security appeals in Federal court. If Social Security officials obeyed the law in the first place, it would not be necessary to bring them to court so often. But following the law costs money, and the President would apparently rather spend our money on bombs or on so-called "freedom fighters."

BURT NEUBORNE
Professor of Law, New York University
New York, March 10, 1986

On the Slippery Slope To Another Vietnam

To the Editor:

Even if the alarm bells have been muted so far, the news coming out of Washington should set them ringing loud and clear for all of us.

Secretary of Defense Caspar W. Weinberger is quoted (news article, March 6) as telling the House Armed Services Committee that a failure to grant the aid to Nicaragua requested by the Administration could eventually lead to the introduction of United States troops in Central America: "I think it is absolutely inevitable, and I know what the additional cost, not only in dollars but in human lives—this time American lives—would be."

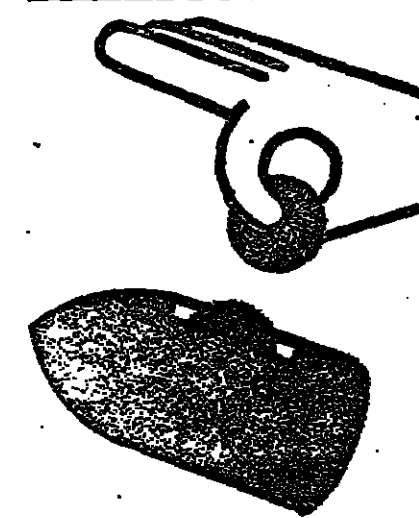
He was replying to a suggestion by one of the members of Congress that if Congress did not grant the aid requested and the contras collapsed, the only alternative might be for us to intervene ourselves.

If it is "inevitable" that we send U.S. troops into Nicaragua if the contras collapse, we are already on the slippery slope toward another Vietnam.

HENRY R. LABOUSSE
New York, March 6, 1986

The writer was United States Ambassador to Greece from 1962 to 1965 and executive director of the United Nations Children's Fund in 1965.

Not All Military Spending Is Investment



To the Editor:

Franklyn D. Holzman ("What Defense-Spending Gap?" Op-Ed, March 4) confuses military spending with military investment.

He takes issue with President Reagan's contention that since 1970, the Russians have invested \$500 billion more than the United States in defense, by declaring that the West (including NATO) outspent the East bloc by \$740 billion since 1971. He thus concludes the President "was off by more than \$1 trillion" and labels this

"the Reagan misinformation gap." It is Mr. Holzman who errs. Military investment adds to the stock of capital assets, such as equipment and facilities. It includes research, development and testing of new weapons, procurement and military construction. It excludes accounts such as personnel, where the West has traditionally spent more than the East, but gained little relative increase in war-fighting capability. Comparing military investment, therefore, is a better indicator of the cumulative growth in strength than comparing total spending or outlays.

Even including the efforts of our NATO allies and Japan, the Soviet Union and Warsaw Pact have outinvested the West for years. As the Secretary of Defense reported in his fiscal 1983 report to Congress: "The military-investment programs of the Warsaw Pact have exceeded those of the Atlantic alliance plus Japan since 1973; they are currently about 15 to 20 percent larger. Thus, the Warsaw Pact has been steadily accumulating more military assets than the Western alliance for almost 10 years."

The cumulative effect of this gap in investment led to the "major military imbalances" the President addressed. DAVID J. TRACHTENBERG
Senior Defense Analyst
Committee on the Present Danger
Washington, March 4, 1986

The National Psyche in Post-Reagan America

To the Editor:

Archibald L. Gillies ("Start Planning for Post-Reagan America," Op-Ed, March 5) talks about the work to be done in post-Reagan America. It will indeed be hard work, particularly in one area that Mr. Gillies didn't emphasize: our national psyche.

President Reagan and his Administration have fostered an unbridled free-enterprise system and a might-makes-right foreign policy that is no more or less than social Darwinism, a basic survival-of-the-fittest mentality. Domestically, those who are poor or disabled must work or perish (be damned as the Puritans of the 1500's believed), this although many, even before Franklin D. Roosevelt, knew that capitalism in its purest form would leave as a byproduct a predictable number of unemployed. In world relations, righteousness and leadership come first from the demonstrable ability to destroy any-

one and everyone who doesn't capitulate to our dogmatic view of life on earth.

Freud discussed the innate struggle in humans between instinctual aggressive drives and the higher social need to be civilized in a book early in this century called "Civilization and Its Discontents." Ronald Reagan is a very popular President because he inspires us not to suppress our greed or our wish to dominate others, and indeed glorifies these instincts as the road to security and prosperity; but the peculiar fact that polls also show that many of the President's fans don't agree with his ideas indicates that thinking, civilized adults know better.

Perhaps post-Reagan America will look back at these years as a last reactionary effort to resist being truly civilized.

PETER V. LOFFREDO
New York, March 6, 1986

Mayor of Nablus

To the Editor:

Those who have been trying to help Palestinians toward a better life are dismayed at the murder of Mayor Zafer el-Masri of Nablus, "a gentle soul," who became "a new kind of Palestinian leader" in a deadlocked situation (Week in Review, March 9).

Shortly before his death, the young, dynamic mayor invited our team from the U.N. Development Program to review with him the daunting problems of the West Bank's largest city. Unexpectedly, the mayor's dominant concern proved to be treatment of an open river of raw sewage meandering through the fields beyond city limits.

When asked why he was concentrating on problems outside his jurisdiction, he replied indignantly: "But we in Nablus created this mess; it's our sewage. And anyway, boundary lines don't count when the lives of people are concerned."

JOHN A. OLIVER
Dobbs Ferry, N.Y., March 9, 1986

Management and Budget Plan Would Cut University Research

To the Editor:

The Office of Management and Budget published a proposed change to administrative circular A-21, "Cost Principles for Educational Institutions," in the Federal Register of Feb. 12, which would have grave consequences for basic research in the United States and for private research universities like Columbia. The revision would limit reimbursement for the administrative portion of indirect costs rates to 20 percent of the direct costs of research in fiscal year 1987.

Research universities, without being consulted, are asked to accept sizable, arbitrary cuts in the reimbursement of their federally audited administrative expenses. Since 1963, the Federal Government has been committed to full support of the total costs of university research—research that is important to the nation for biomedical advances and for technological improvements, to cite just a couple of benefits. Now, with a summary stroke of the pen, Columbia, like other major research universities, would be faced with the prospect of a sudden deficit, almost \$10 million in fiscal year 1987.

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or return unpublished letters.

To support the same research we would be faced with the nearly impossible task of raising our revenues to offset this deficit. Tuition income is our primary revenue source, which must not be increased for this purpose, especially in the face of proposed Gramm-Rudman-Hollings cuts in Federal student aid. Gramm-Rudman-Hollings would anyway have a large effect on reducing university research between now and 1991, when the budget is balanced.

The President and Congress have championed basic research at universities, yet here comes this counter-blow. Witness the new Department of Defense university-research-initiative program, with funds at \$100 million this year. The Defense Department brochure for the program says: "It has become clear that declining investments in the university research and teaching base during the 1970's have resulted in deficiencies that hamper

the ability of universities to produce quality research and education in scientific and engineering disciplines."

"Among these problems," the brochure continues, "are a shortage of faculty qualified to teach certain state-of-the-art technologies; obsolete research instrumentation; and declining numbers of American citizens pursuing science and engineering graduate degrees." The program is intended to correct these deficiencies.

All of these problems will be exacerbated if the Office of Management and Budget has its way.

We at Columbia, along with all research universities are trying to prevail upon Management and Budget not to deal this crippling blow to basic research in the United States and to the research institutions that perform it.

JAMES P. LEWIS
Director, Office of Projects and Grants
Columbia University
New York, March 5, 1986

Topics

Modes of Sharing

Live Aid

The first anniversary of the "We Are the World" project is a good time to reopen the subject of helping the hungry in Africa. Recent events in Uganda create a special opportunity to make such help count.

Until this year, Uganda was best known for one misrule after another. Then Yoweri Museveni and his National Resistance Army toppled a bloody military regime and took Kampala, the capital.

The danger was that yet another round of tribal warfare would break out in the northern regions. But the new leader's disciplined forces have been welcomed as liberators and have recorded a victory of civilization over tribalism.

The new Government now asks for emergency assistance. Most of the

aid money on hand is committed to long-term projects.

An extra \$160 million is sought to overcome the devastation produced by years of violence. Uganda wants equipment to restore vital services, medicines and money to feed one million displaced persons. It does not seek basic food commodities because a peaceful Uganda could quickly regain its status as an agricultural powerhouse.

The Ugandans do not expect the United States to pick up the entire tab. But Americans ought to find some of that \$160 million. The goal is reasonable, it is deserved and it would pay dividends in good will and the resumption of much-needed African food production.

We are not here asked to be the world, just part of it.

Double Trouble

Popsicles, those vibrant flags of summer, are feeling the heat of the marketplace. In May, the double-barreled ice bars will be replaced in grocery stores throughout the country with fatter single sticks. The manufacturer says it is responding to complaints that the two-stick popsicle falls apart too easily in children's hands.

The two-stick nickel popsicle reflected the values of the Depression, when it was created. Splittable, it was shareable. The one-stick model, however, suggests quite the opposite: to each his own, a metaphor for yuppie individualism.

There's another loss. Popsicle sticks make fantastic structures—biplanes, bridges, castles. Now the reach of the builders will be half as high.

WASHINGTON
James Reston

What's the National Interest?

You might think, listening to all the tumult here about Nicaragua, that it is a partisan issue between President Reagan and the Democrats, which in a way it is. But Nicaragua is merely a symbol of a much deeper confusion over the true interests of our nation.

It has to do with the conduct or misconduct of our affairs at home and abroad, not merely with the news of the day but with the history of the Republic — its values and priorities, and the future of our children.

What is going on here is not primarily a debate about military strategy, or the invasion of Communist power and ideology into the geography of the Western Hemisphere — though that's the way the Reagan Administration sees it — but a question of philosophy and where the danger lies.

That's the underlying question bothering thoughtful people in both parties and from many different aspects of American life. For example, Barry Goldwater, Republican of Arizona, and Sam Nunn, Democrat of Georgia — probably the two most careful students of our military affairs in the Congress — agree that the procurement, supervision and direction of the power of the Pentagon under the present Joint Chiefs of Staff has to be questioned and reformed.

Another view of the national interest comes from Jeane J. Kirkpatrick, liberated from the United Nations and back at Georgetown University, meditating on her experience and concluding that we don't really know what a foreign policy is for, and haven't realized the limits of our resources.

"Strange assumptions," she says, "are made concerning our power, our vulnerability and our resources. Often discussion sounds as though we were omnipotent, invulnerable . . . when we are in fact, none of these."

"We are vulnerable, capable of being destroyed in minutes. Our resources are limited. We, like all other nations, need a foreign policy that

The contra debate is a symbol of deeper confusion

gives priority to our national security."

The babble over Nicaragua has also distracted us from other sensible voices addressing our real national interest. For example, Donald Kennedy, the president of Stanford University, was in here the other day talking about the present college generation.

It was true, he said, if you could believe the polls, that young people in the universities today were more concerned about their personal security than about the public interest or the welfare of the poor, the old and the sick in their communities.

We should not be surprised, Mr. Kennedy said. These young people won't have it as easy as their parents did: they won't be able to afford to move their young families into a house, won't be sure they can educate their children because of rising education costs.

You couldn't blame them, he said, if they were told by the Government to look after themselves and not worry about the folks who were left behind. That Government in Washington was not an aid to folks in trouble, but a source of the trouble.

Mr. Kennedy said he wasn't buying this criticism of the young college undergraduates of his experience. They were looking for purpose and even service in their lives. They responded now, as then, to John Gardner's challenge to them some time ago:

"You can make a difference," he said. "Freedom and responsibility . . . liberty and duty . . . that's the deal."

And these young folks are responding to this challenge at Stanford and elsewhere, Mr. Kennedy said. More of them were going into the Peace Corps, which is celebrating its 25th year. But "Grambo," as they call the Gramm-Rudman-Hollings legislation, is protecting the old and forgetting the young, and this worried Mr. Kennedy, for he thought there was not only a need but a longing for public service, and that this was an issue on which both political parties could agree.

Actually, despite all the noise about Nicaragua, in this country we agree more about fundamental things than we admit, though the things that divide us get the most attention.

Ambassador Kirkpatrick is not usually regarded as a healing force in Washington, but she agrees with George Kennan, for example, that pending the reformation of human nature, the U.S. national interest should be the centerpiece of our foreign policy. She thinks the difficulties of agreeing on what the national interest is have been greatly exaggerated.

But watching the President make Nicaragua the centerpiece of our foreign policy recently, you have to wonder: A debate on what constitutes "the national interest" is long overdue.

Maybe the Senate, now that it's going on television, would consider devoting an hour on prime time to such a discussion.

Nicaragua, an Echo of the Bay Of Pigs

By Tad Szulc

April 17 marks the nearly forgotten 25th anniversary of the invasion of the Bay of Pigs in Cuba — organized, financed and directed by the United States. That sorry enterprise provides an uncannily real analogy with President Reagan's latest efforts to arm the Nicaraguan contras in order finally to oust the Sandinistas. Congress might do well to ponder this analogy as it prepares to vote on President Reagan's request for \$100 million in new aid to the rebels.

There is, to begin with, an eerie similarity in the assumptions underlying United States involvement in Cuba 25 years ago and in Nicaragua today. There are also parallels in the sequence of policy making decisions that gradually linked United States geopolitical objectives, first with Cuba, now with Nicaragua.

In the case of Nicaragua, the White House began by asserting that the Sandinistas were threatening to spread the virus of Communism throughout Central America. A secret decision was made, apparently

Parallels in underlying assumptions and in decisions

in the early days of the Reagan Administration, in the National Security Council to uproot Managua's Marxist-Leninist leadership. This was followed by the self-serving declaration that most Nicaraguans were determined to be rid of the Sandinistas and that all it would take to help them accomplish this would be clever paramilitary support provided by the Central Intelligence Agency.

In the case of Cuba, the National Security Council met on March 10, 1959, to discuss, in secret, ways to "bring another Government to power." This was barely two months after Fidel Castro swept into power with overwhelming national support for his social revolution.

On March 17, 1960, President Dwight D. Eisenhower approved "A Program of Covert Action Against the Castro Regime" because Fidel Castro was moving toward Communism and a stronger relationship with the Soviet Union. Meanwhile, his Administration had begun to develop a paramilitary force outside of Cuba for "future guerrilla action."

On Feb. 3, 1961, the Joint Chiefs of Staff approved a "Military Evaluation of the C.I.A. Paramilitary Plan — Cuba," but with the warning that "it is obvious that ultimate success will depend upon political factors, i.e., a sizable popular uprising or substantial follow-on forces."

However, the C.I.A. misled President John F. Kennedy about the likelihood

Tad Szulc, who covered the Bay of Pigs invasion as a reporter for The New York Times, is author of "Fidel Castro: A Critical Portrait," soon to be published.

hood of an uprising after the landing of the Cuban exiles' brigade. Secretary of State Dean Rusk later told a Presidential board of inquiry "that the uprising was utterly essential to success."

No major uprising occurred in Cuba along with the landing, and not only because Mr. Castro had had the foresight to round up thousands of potential opponents. Even those who had become increasingly disenchanted with Mr. Castro refused to welcome what they suspected to be a United States-engineered return to the status quo of the Fulgencio Batista dictatorship — indeed, the invading forces included several Batista officers.

Let us now turn to the Nicaraguan rerun of the Bay of Pigs operations.

Obviously, the conditions are not identical. The Sandinista commandantes have been in power for nearly seven years, and, notwithstanding their generally appalling leadership, they have managed to consolidate their police and political hold on the population. Bad as life is in Nicaragua, and repressive as the Government's internal policies may be, the masses have not rushed to join or support the contras after nearly four years of C.I.A. entreaties.

In other repressive societies, the people have risen against well-armed dictatorships — as in Poland with Solidarity, and in the Philippines — without C.I.A. manipulations. They

25 years later, an analogy for Reagan to ponder

have had convincing reasons to rebel, and they have done so with clean hands. Clearly, this point entirely escapes President Reagan when he compares the contras with the Filipinos or real freedom fighters elsewhere in the world.

Despite its failures, the Nicaraguan revolution of 1979 has brought considerable social justice and care to Nicaragua's impoverished people. The United States cannot ignore this fact any more than it can ignore the strong nationalistic sentiments of the Nicaraguan people arising, in part, from earlier armed interventions by United States Marines.

Nor can it ignore the fact that the leadership of the contras is probably as repugnant to ordinary Nicaraguans as the leadership of the Bay of Pigs force was to the ordinary Cuban 25 years ago. That the contras are led

by key officers of the old Somoza dictatorship's National Guard, the main oppressors of the population in the old days, is either sheer C.I.A. folly or a confession that no better leaders could be produced.

The Administration confronts this argument by pointing out that respected democrats from the first Sandinista regime, including Arturo Cruz and Alfonso Robelo, are members of the umbrella political organization attached to the contras, and that this in turn suggests the existence of widespread support inside Nicaragua for the anti-Sandinista effort.

Here again the Cuban experience is instructive. The C.I.A.-backed Democratic Revolutionary Front was headed by José Miró Cardona, the first Prime Minister after the Cuban revolution, and included Manuel Ray, who had been Mr. Castro's liberal-minded public works minister. But despite their individual popularity, and the fact that they had been dismissed by an increasingly radical Fidel Castro, they did not have significant backing inside Cuba, and when the invasion came, the C.I.A.-controlled Democratic Revolutionary Front turned out to be totally useless.

Just as the C.I.A. misled the Kennedy Administration about the internal support for the exiles' invasion, the Reagan Administration — equally misleadingly — applies self-fulfilling prophecies to the Nicaraguan dispute. The President says he is willing

FOREIGN AFFAIRS Flora Lewis

A Welcome Reversal

An encouraging new tide seems to be surging in various parts of the world with growing support for democracy and rejection of violence. It is by no means a flood; there are still oceans of dreariness around emerging islands of hope.

But it is good news that the peaceful, democratic process is waxing, no longer feeling on the defensive as it was nearly a generation ago when Daniel Patrick Moynihan called it a "luxury," or five years ago when Jeane Kirkpatrick said that the U.S. had to make a clear distinction between "friendly authoritarians" and "hostile totalitarians."

President Reagan's message to Congress opposing all dictatorships, on the right or the left, is a welcome reversal of the Administration's attitude, even though the White House claims it's what he meant all along.

In one week, "quiet diplomacy" has been abandoned for candid denunciation of the behavior of Gen. Augusto Pinochet's regime in Chile. "Constructive engagement," which consisted in cosseting the apartheid regime in South Africa, has been eroded with a public call for black political rights.

The U.S. cannot claim credit for the decline of tyrants in much of Latin America and other parts of the non-Communist world. The people who pushed them out did it for their own sake and for their countries' needs. But it makes a big difference when official U.S. policy is to oppose Communism by supporting democracy, not just by supporting anti-Communists of any stripe including those with bloody-greedy hands.

Mr. Reagan's purpose in shifting his stance was apparently to woo approval for increased military aid to the contras in Nicaragua by equating them with successful nonviolent oppositions in such places as the Philippines and Haiti. This is a fallacy.

Much is repellent about the Sandinista regime, but that doesn't turn the

Reagan policy is now to oppose all dictators

contras into white hats. They are American-sponsored guerrillas who have shown nothing like the grass-fire popularity of anti-dictatorial movements elsewhere. The money Mr. Reagan seeks would keep the war going, not much more.

The White House chief of staff, Donald Regan, said the President's message was intended to answer those in Congress and the public who have been asking whether the Administration has an overall policy. But as Bernard Weinraub of The New York Times noted, Washington seems to fit Nicaragua in by endorsing ballots against right-wing oppressors and bullets against their Communist counterparts.

The national security adviser, John M. Pomdexter, said quite rightly that the "real question isn't whether you're against tyranny . . . it's how to encourage a truly democratic alternative." And that isn't likely to be achieved by lumping all anti-Communist insurgents together as "freedom fighters," so called by Mr. Reagan.

Afghan and Cambodian rebels are fighting against invading foreign armies. That is one thing. It deserves support. But it is not the same as Angolan and Nicaraguan rebels who are fighting to overturn indigenous regimes, in the first case for essentially tribal and in the second, political reasons. There is nothing to show that they constitute the desired "democratic alternative" just because their main enemies are Communists.

It is true that the U.S. should not and could not arrogate to itself a right to determine what kind of people hold power in the multitude of countries around the world. It is also true that there are situations where the security and political interests of the U.S. require dealing with people who are not adversaries but are otherwise reprehensible.

But there is no need to treat them like darlings or the benevolent leaders they claim to be. And when a democratic alternative turns up — it must be recognized that it is beyond the capacity of the U.S. to create such a thing — then it is in both the national and moral interests of America to demonstrate our preference.

That is why Mr. Reagan's statement of America's outlook is valuable, regardless of the political tactics that led to it just now. There are a lot of people around the world who are coming to doubt whether the U.S. is really against oppression or only against the Soviet-sponsored variety. There isn't always something the U.S. can do to make the answer clear, but when the chance arises it is, always good to show that the answer hasn't changed, as in the Philippines and Haiti.

Democracy isn't American merchandise. Most people want it on their own. And it isn't the same as anti-Communism. For all its faults, it is simply the best antidote to tyranny of any kind.



Hinacio Fidel Cardo

to forget the contras if Managua agrees to negotiate, but what he evidently means by negotiation is either a Sandinista capitulation or power-sharing with the contra-backed opposition outside the country.

Since, as President Reagan must realize, this is an unacceptable proposition to any government, he will be able to proclaim that, having turned down his peacemaking ultimatum, Nicaragua is now fair game for the use of force. And at that juncture he will have trapped himself.

Recent history shows that the United States can't impose its will in Latin America only by applying or threatening the use of its armed forces. The leftist regime in Guatemala was thrown out in 1954 by a rag-tag guerrilla army directed by United States officers, ushering in a corrupt rightist dictatorship. In 1965, it took two United States combat divisions to make the civil war in the Dominican Republic come out our way. In 1983, tiny Grenada was simply knocked out by American forces.

What happens, therefore, in Nicaragua if the contras, even with a fresh \$100 million, fail to win their war? Will President Reagan, in desperation, order the use of American troops there? This is the one thing that John F. Kennedy chose not to do at the Bay of Pigs.

Reagan Becomes a Force for Rights

By Michael Posner

As the world watched the remarkable transition from dictatorship to democracy in the Philippines, another dramatic change was unfolding in the corridors of Washington. In the wake of recent developments in Haiti, Chile, the Philippines and the Shcharansky case, the Reagan Administration must now be viewed as a significant force for international human rights. It is a role this Administration neither sought nor relishes — notwithstanding the credit it took for its human rights policy in a statement issued by the President on Friday.

When Ronald Reagan took office, he was determined to extinguish the human rights flame that Congress had kindled and Jimmy Carter enthusiastically fanned. Key advisers to the new President, including Jeane J. Kirkpatrick, our former chief delegate to the United Nations, urged a repudiation of the Carter approach.

At a hearing confirming his appointment as Secretary of State, Alexander M. Haig Jr. announced that a concern for terrorism would replace the Carter Administration's focus on human rights. The President's nominee to be Assistant Secretary of State for Human Rights and Humanitarian Affairs, Ernest Lefever, publicly called for the repeal of all laws linking American trade and aid policies to human rights.

But the Senate Foreign Relations Committee's decisive rejection of the Lefever nomination in May 1981 sent an unmistakable signal to the White House: It is not possible to be a non-participant on the human rights

Michael Posner is the executive director of the Lawyers Committee for Human Rights.

issue. By October 1981, the State Department had prepared, and the Secretary of State approved, an internal memo calling for a re-evaluation of the Lefever-Kirkpatrick position. The memo concluded: "Human rights is at the core of our foreign policy."

It was a welcome statement, but it soon became clear that President Reagan had a far different vision of human rights than his predecessor. In June, 1982, Mr. Reagan used the occasion of a ceremonial visit to the British Parliament to outline a new campaign to promote democracy throughout the world. The democracy initiative was conceived, in part, to draw a distinction between Washington's friends, who hold elections, and Moscow's friends, who do not. It was also a means of deflecting the human rights debate from traditional concerns about violations of the integrity of the person — torture, political killings, disappearances — abuses that occur in both pro-Western and pro-Soviet countries.

In support of the new initiative, the Administration helped, in 1984, to set up a new National Endowment for Democracy, a highly politicized, semi-official agency charged with funding and supporting "democratic" initiatives throughout the world. More importantly, the Administration began to push for national elections in countries that receive United States support.

Yet when Ronald Reagan stood in Westminster four years ago, he surely did not envision that his words would help to topple his friend Ferdinand E. Marcos, then President of the Philippines. In the intervening period, the democracy initiative has taken on a life of its own. When Senator Paul Laxalt visited Manila on the President's behalf last fall, he may or may not have raised the subject of elections. It did not matter. The Administration's

symbolic commitment was clear, and Mr. Marcos responded accordingly.

When Secretary of State George P. Shultz refused, in December, to certify human rights progress in Haiti and told a television interviewer that we supported democratic processes in Haiti, as elsewhere, he did not need to say more. President for Life Jean-Claude Duvalier began packing his bags. And when the Administration of Ronald Reagan, the champion of "quiet diplomacy" and father of "constructive engagement" in South Africa, decided last week to openly criticize Chile's human rights performance, Gen. Augusto Pinochet convened an emergency Cabinet meeting. Almost despite himself, President Reagan has unleashed powerful forces for change, and dictators throughout the world are taking note.

Significantly, the Administration appears highly uncomfortable with its increasingly visible role in the human rights debate, and its performance remains erratic. The President's statement on Friday — in which he said that the United States supports human rights and opposes tyranny in both right-wing and left-wing regimes —

A role that the President has not sought and does not relish

may, sadly, have been as much a public-relations ploy as a genuine shift in policy. The Administration clearly wanted to take public credit for its success in the Philippines and Haiti. But it also hoped to use the rhetoric of human rights to justify and promote its appeal for increased aid to the contras.

The Reagan Administration has not yet called for full participatory democracy in South Africa. It refuses to denounce an obviously fraudulent election held in Liberia last fall and is unnecessarily timid in dealing with South Korea's nondemocratic and increasingly repressive Government.

These and other serious deficiencies in the Administration's approach serve to remind us that the human rights issue has gained a place on the political agenda because of Congress and the American public. It was their pressure that made the Administration adopt a human rights policy, even when it sought to bury President Carter's legacy, and it was their pressure that forced the Administration to promote constructive policies in the Philippines, Haiti and Chile. If this momentum is to be maintained, pressure from Congress and the public must be sustained and strengthened.

In the wake of Haiti, the Philippines and Shcharansky

'My Beautiful Laundrette' Probes The Life of London's Pakistanis

By ANNETTE INSDORF

Recent films like "A Passage to India," "Gandhi" and "Heat and Dust" — not to mention public television's "Jewel in the Crown" — have explored the cultural conflicts of the British in India. In contrast, "My Beautiful Laundrette" offers a refreshingly complementary angle. Far from the epic canvases and pavilions of the "Raj" dramas, this offbeat British satire cast a wry eye on Pakistanis in contemporary London.

"My Beautiful Laundrette," which opened in New York recently to laudatory reviews, was directed by Stephen Frears ("Gumshoe," "The Hit") as a low-budget film for British television. But its reception at the 1985 Edinburgh Film Festival was so enthusiastic that it was immediately picked up for theatrical distribution in England, where it has been breaking box-office records.

For Mr. Frears, a 44-year-old English director (veteran of two dozen films for television besides the three features), the critical and commercial success of "My Beautiful Laundrette" continues to be a delightful surprise. "It never crossed my mind," he exclaimed during a recent trip to New York, when asked why he didn't make the film for theatrical release. "Given the intimacy of the material, it was just sensible to spend no more than \$800,000, and to make it in the most straightforward way possible."

Written by the 29-year-old Anglo-Pakistani playwright Hanif Kureishi, "My Beautiful Laundrette" tells the story of Omar (Gordon Warnecke), a young Pakistani who takes over the dilapidated laundromat of his profiteering uncle Nasser (Saeed Jaffrey).



Gordon Warnecke and Daniel Day-Lewis in 'Laundrette.'

Together with his friend Johnny (Daniel Day-Lewis) — a white working-class punk who once belonged to the fascist National Front — Omar converts it into a gritty gathering place called "Powders."

In the background are Nasser, who boasts a white mistress (Shirley Anne Field); Omar's leftist father (Roshan Seth), living (and drinking) in a rundown house by the railway line; and the other Pakistanis flagrantly getting wealthy. Family members

squeeze one another out of money in what is essentially a chummy syndicate.

When asked what attracted him to the screenplay, Mr. Frears answered: "It's an entirely original perspective on Britain, and it's right on. It's what you see when you walk down the street. It's serious, but funny and charming too."

"Normally, films that deal with immigrants are depressing and bleak, treating immigrants as victims," he

continued. "But here, they are as funny, outrageous, rich, vivacious and corrupt as the rest of us. It's quite clear that immigrant writing is where good material is coming from: they have something to say, whereas many English writers have become more exhausted."

Mr. Frears ascribed the film's popularity in England to the fact that "it's very cheeky about Mrs. Thatcher." No, she does not appear in "My Beautiful Laundrette," but the director explained, "It's a good picture of Britain: isolated communities, somehow exploiting the situation — the rich getting richer and the poor getting poorer; people struggling to maintain private values and dignity. The problems in England are terrible, and you don't hear the sound of laughter in Britain."

As if realizing that his analysis was sounding quite gloomy, Mr. Frears added: "It's a completely ironic film, isn't it? We wanted people to have a wonderful time, but to make the film provocative, turning everything on its head."

Among the film's satiric targets are the "Raj" nostalgia ("it was enjoyable putting the anti-Raj films jokes in," he admitted); sexual

stereotyping (Omar prefers Johnny to Nasser's tempting daughter), and gleefully greedy capitalism ("There's money in muck," Nasser proclaims about the laundromat business).

The freedom Mr. Frears feels in treating such controversial issues comes from the nature of British television. "There's a tradition in Britain — pioneered by directors like Ken Loach — of material like this being done in the best part of TV," according to the director. "And the good writers have been writing in television."

About the current state of the British cinema, Mr. Frears was less enthusiastic. "Being a British film director is like a terrible cross you have to bear," he said with a sheepish grin. "It's like the wicked fairy came down at your christening and gave you this stigma. Economically, it's very difficult because — in terms of the world — the audience is so small. If you make a film for \$3 million about Britain, you can't get your money back. I figured that 'Laundrette' — which is clearly about Britain — has no commercial potential, so I'll make it cheap."

"If you're a British film director and want to make a film about England, people look at you as if you said something ghastly and feel sorry for you," he continued. "The alternative is to make films for the American market, as David Putnam does — 'The Killing Fields,' for example. Someone like Alan Parker doesn't kid himself: he makes American films."

It might seem surprising that English-language movies should have the same international distribution problems as films made in French or Spanish-speaking countries. Nevertheless, Mr. Frears insisted, "because of the common language with America, El Dorado is sort of dangled in front of the British film maker. You think you'll be understood in Texas. But of course the gap between England and Texas is greater than between Texas and Argentina."

For this reason, he is thrilled that "My Beautiful Laundrette" has found receptive audiences beyond Britain. "It was just voted the most popular film at the Rotterdam Film Festival," he said excitedly, "not by the critics but by the audiences."

Mr. Frears suggested that the credit was less his than the actors'. "They're splendid!" he declared.

"Daniel Day-Lewis is sort of the white hope in England now. And when I saw him in 'Room With a View,' I was really impressed." In James Ivory's new film adaptation of the E. M. Forster novel (currently at the Paris), Mr. Day-Lewis plays a priggish aristocrat. (The actor's versatility might be partly attributed to his lineage: He is the son of Poet Laureate Cecil Day-Lewis and the grandson of Sir Michael Balcon who — as head of Ealing Studios — produced such classic comedies as "Kind Hearts and Coronets.")

Mr. Frears seemed most proud of having brought Shirley Anne Field back to the screen, from which she had been absent eight years. "She



Director Stephen Frears— "Immigrant writing is where good material is coming from."

was the thinking man's pinup of the 50's," he said of the actress who co-starred with Laurence Olivier in "The Entertainer," with Albert Finney in "Saturday Night and Sunday Morning" and with Michael Caine in "Alfie."

Although Mr. Frears has been acclaimed for his bold visual style, he defers to a strong script and performers: "Get the good actors and then, keep out of their way" is my attitude," he concluded.

'Authentic' Beethoven Music

By JOHN ROCKWELL

The symphonies of Ludwig van Beethoven sit serenely at the center of our concert life. They are integral to the repertoires of our modern, 100-member-plus symphony orchestras, with their gleaming, modern (meaning, mostly, perfected in the late 19th century) instruments. And the record companies continue to pour forth new Beethoven recordings by our star conductors and leading orchestras — most recently, Philips's new set of the complete symphonies with Kurt Masur and the Gewandhaus Orchestra of Leipzig.

But change is in the air. In the past few weeks, several Beethoven symphony disks have been released by early-music specialists who have heretofore confined their attentions to medieval, Renaissance and, above all, Baroque music. Their new ways of performing Beethoven — and, soon enough, other 19th-century mainstream composers — should have a profound impact on our musical life.

"Authentic" performance styles in Baroque music went through two distinct phases — the stripped-down, brisk, rigid practices of the 1950's, which still persist in many quarters, followed by the spread of original instruments and radical re-creations of Baroque performance style in the 70's and 80's. The same thing is happening now, over a more compressed time span, with Beethoven performance.

Starting in the late 50's, some well-known conductors began to experiment with smaller orchestras in an attempt to hint at sonorities and balances common to Beethoven's day. Examples include Bruno Walter's last recorded cycle of the symphonies with the New York and Los Angeles versions of the so-called Columbia Symphony Orchestra, a set still available on Odyssey Y7-30051 (seven LP's). Pablo Casals led a couple of the symphonies with the reduced Marlboro Festival Orchestra (the Seventh is still in print on Odyssey MY-37233, LP and cassette only), and Gerard Schwarz has a "Pastorale" Symphony with his Y Chamber Symphony of New York on Delos DCD-3017 (CD; the LP is apparently no longer made).

Neville Marriner, who defines a modern-day extension of 50's Baroque style, began a Beethoven cycle with his London chamber orchestra, the Academy of St. Martin-in-the-Fields. The digitally recorded "Eroica," a fine, light, lithe performance, is available on Philips 410042-2 (CD). But earlier installments, such as the analog-recorded First, Second and Fourth Symphonies, have been allowed to fall out of print, and will presumably be redone in digital.

The latest ongoing Beethoven symphony series using reduced forces of modern instruments is that of Michael Tilson Thomas with the English Chamber Orchestra. Mr. Thomas has previously released the Fourth (now deleted), Sixth and Seventh Symphonies, and most recently he has come forth with a pairing of the First and Second Symphonies (CBS Masterworks IM39707, LP and cassette only so far, but CD presumably forthcoming).

These are decent, straightforward performances, but no more. Quite apart from the question of whether one really wants or needs this sort of halfway authenticity — let's either hear these works with the full grandeur and refinement of the modern orchestra or with original instrumentation and style — Mr. Thomas is a less subtle and persuasive Beethoven interpreter than Mr. Marriner.



Susanne Paulner Steven

Embarking on a cycle of Beethoven symphonies, Christopher Hogwood uses a reduced orchestra.

But the real excitement in recent Beethoven symphony releases lies in the work of the original-instruments purists. Having addressed the symphonies of Haydn (in performances by Derek Solomons and Christopher Hogwood, above all) and Mozart (the complete set with the Academy of Ancient Music jointly led by Mr. Hogwood and Jaap Schröder), the stage has been set for Beethoven.

What do "authentic" Beethoven symphony performances entail? First of all, a reduced band of players: the Hanover Band, in recordings discussed below, uses 29 for the First Symphony and 35 for the Fifth; Mr. Hogwood deploys 39 for the First and 40 for the Second.

More crucially, the instruments are originals or reconstructions of those used at the time these scores were composed, and their manner of playing reflects what we know of period practice. The horns are valveless, the strings are gut and played with far less vibrato than is common today, the bows are softer and less brilliant, the pitch is lower, a forte piano continuo is employed. The winds and brass make up about half the complement, compared with the massive wash of string sound in modern performances, which buries internal wind and brass parts. Since no formal, godlike, modern-style conductor is employed, cues are given by the first violinist or fortepiano or both — there is less attention to minute details of interpretive finesse and a more direct, steady rhythmic progression.

Most controversial of all is the question of tempo. Two years after the metronome was invented in 1815, Beethoven authorized the publication of tempo markings for his symphonies that strike most scholars today as eccentric — mostly too fast — although occasional attempts are made to perform the symphonies at these speeds. Explanations for these oddities range from Beethoven's own indecision or deafness to the inaccuracy of early metronomes. In any case, earlier documentation exists that suggests that "allegros" around 1800 were slower than one might expect, even today, so that "authentic" Beethoven performances on records don't vary all that much from the tempo range we are used to hearing from modern orchestras.

The first entrant in the authentic Beethoven field came a couple of years ago, with the conductorless Collegium Aureum of West Germany (it is led by the concertmaster, Franzjo-

sef Maler). Recordings were released here in 1984 of the "Eroica," recorded in 1980 by German Harmonia Mundi (Pro Arte PAD-217, LP and cassette; CDD-1029, CD), and the Seventh, recorded in 1982 (Pro Arte PAD/CDD 123). Although the ensemble numbers only about 30 players, the results are simply not very interesting. Both in matters of timbre and style, these disks sound like provincial modern performances, decent but unoriginal as to either scholarship or interpretation.

Far more persuasive are the more recent, more musicologically radical approaches. Not surprisingly, since these players are moving into Beethoven from the Baroque and Classical periods, they tend to concentrate their initial releases on the early symphonies. Frans Brüggen has recorded the First Symphony as backing to Mozart's Symphony No. 40 on Philips 416 329 (all three configurations). And Mr. Hogwood, as the opening salvo in a complete Beethoven cycle of the symphonies and piano concertos, has released the First and Second Symphonies on L'Oiseau-Lyre 414 338 (all three).

Both these records are delightful, but both suggest that a scholarly pursuit of authenticity hardly absolves one from the imperatives of fashion. Both Mr. Brüggen and Mr. Hogwood bring a whiff of 50's no-nonsense directness to their playing, although Mr. Hogwood's performances are more solidly played and vigorous in execution. Tempos, while not break-neck, move smartly forward, with expressivity downplayed in favor of steady onward momentum. These are truly "Classical" performances; they make clear the connections between these early symphonies and the symphonic world from which Beethoven emerged.

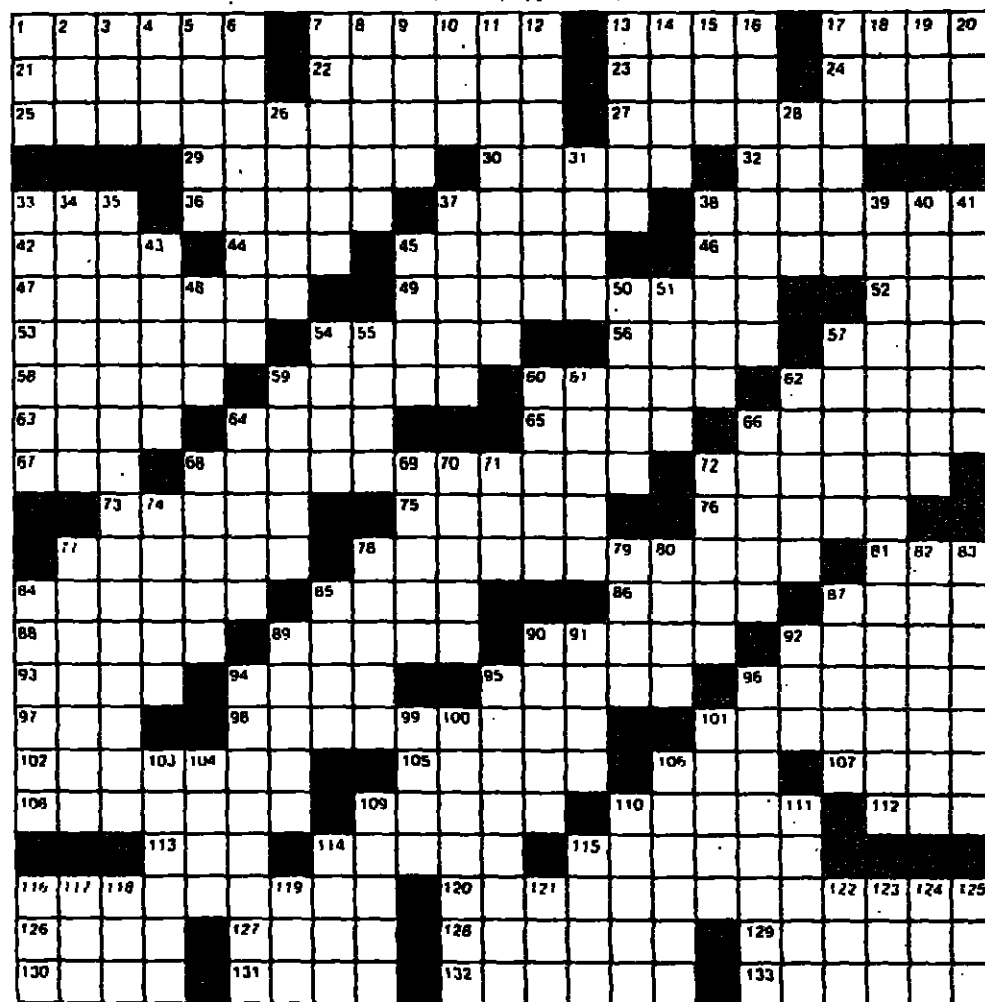
For that reason, among others, the most exciting, daring "original" Beethoven performances to emerge on disk thus far come from the Hanover Band on Nimbus, a Welsh company that has been releasing both LP's and CD's but which recently announced its intention to concentrate on CD's only from now on. Its name may be German, but the Hanover Band is an English ensemble, led by women — the cellist Caroline Brown, who is artistic director, and the violinist Monica Huggett, who is the de facto conductor; Miss Huggett is best known for her frequent collaborations with Ton Koopman, the Dutch early-music specialist.

Special Delivery

BY JUNE A. BOGGS/Puzzles Edited by Eugene J. Maleska

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ANSWER TO PREVIOUS PUZZLE

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Super-healthy, sickly or just normal?

The hypochondriac question

By MACABEE DEAN / Jerusalem Post Reporter

ARE WE hypochondriacs? Or do we just like to coddle ourselves medically? The answer is a resounding "both" according to the statistical evidence.

In Israel, the average person sees his primary care physician (his family doctor) 6.2 times a year; in Western countries, with comparative medical setups, such as England and Holland, the figure is 4.5.

All of this would be only an interesting item for discussion, were it not one reason that Kupat Holim Clalit is in debt. It costs money to pay doctors, nurses, auxiliary staff—even if all of them claim, and with the same justification, that they are grossly underpaid.

If there were fewer patients, considerably less staff would be needed. And since about 40 per cent of Clalit's expenses go for wages and salaries, if this huge item were reduced, the patients would receive much more thorough attention, and the current annual budget deficit of about five per cent would be wiped out. (The accumulated debt of \$525m. is another matter.)

The Gadish Report recommends reducing the number of Clalit's "positions" (some "positions" are manned by two half-time employees by 1,000 from 24,214 to 23,214 immediately, and by another 714 within a year. Since some 2,000 persons, or 1,230 "positions," will probably leave work during the current year due to normal attrition, few employees will actually be fired.

PERHAPS Israelis are neither hypochondriacs nor coddled, but simply sicker. Comparative statistics published by the Ministry of Health

do not bear out this contention. At one time, there were reports that survivors of the Hitlerian death camps were sickly and needed constant care. That might have been the case when they first came here, but if anything, the fact that they survived the Nazi hell indicates their unusual stamina.

IMMIGRANTS from Oriental countries were also supposed to be ailing. Those who were really sick have died during the past forty years while those still with us are probably no sicker than any other people in any country of the same age group.

The fact that the aged population of the country has increased in the past few decades from four per cent to more than 10 per cent should not deceive anyone; by Western standards, an elderly population of 10 per cent is still small.

This leaves the young people. If the way they shove and push and shout in a bus or cinema queue, or the way they display their bodies on the beaches is any indication, then they are super-healthy.

Israel's climate may not be the best in the world, but it is certainly not the worst; and the food is the most varied of any Western country. And if anyone has died of overwork—to differentiate from talking about overwork—it has certainly not received the attention that such an astounding news item should command.

THIS leaves only one explanation for the high number of visits to

Kupat Holim Clalit doctors: Israelis are either hypochondriacs or medically coddled.

The question is: Why don't the Clalit doctors send their hypochondriac or coddled patients packing? Many of them do—but first they must conduct time-consuming examinations. And strangely enough, even hypochondriacs get sick. If they do not get the proper treatment—and hypochondriacs know a lot about medicine—they can later cause the doctor many problems.

In Kupat Holim Clalit, they tell the story of the little old woman who turned up regularly to see her family doctor every Monday and Wednesday. Once, after missing two visits, she was asked by her doctor: Where were you last week? I was afraid you were sick.

Why don't doctors find some solution to the enormous number of visits? They could even give courses to work in other professions, even as a minor and serious ailments.

THE ANSWER is simple. Doctors also have to work and buy groceries. Israel has far too many doctors, about 50 per cent more per capita than most Western countries. During the Hitlerian regime and shortly after it, when the country was flooded with doctors, they were willing (at least according to the stories) to work in other professions, even as labourers. Those days have passed.

Many countries are willing to accept a doctor trained in Israel at Israel's expense. And preventing the

emigration of these doctors is also a Zionist-national duty which Kupat Holim Clalit, knowingly or not, performs.

How good are Clalit's doctors, especially the "frontline" or primary care physicians who man the clinics? There are no clear-cut answers. Some are devoted but bad doctors and cure by cheerily reassuring the patient that there is nothing wrong with him; some are good doctors but bad-tempered and the patient leaves feeling worse than when he came. As long as medicine remains more of an art than a science, and as long as psychosomatic ailments play such a large role, it will always be hard to make any outside judgement on the level of medicine practised in Clalit clinics.

Perhaps the best way to answer the question is to let the graduate doctors themselves pass judgement on the level of medicine in these clinics.

Of the 1,921 physicians who finished medical school in Israel between 1975 and 1984, (another 305 are doing compulsory service in the army), 6.7 per cent are working in clinics (Clalit or others) while 83 per cent are working in hospitals. The latter figure is a bit high, however, since it includes those doing their internship and those taking advanced training. But nearly all of them hope to continue working in hospitals.

In defence of the Clalit clinic doctors, some 75 per cent of them take advanced courses every year, with most of these courses given by outstanding physicians in their field.

(Second in a series on Kupat Holim Clalit.)

Tired playing

MUSIC

Shuster's music was vague and failed to convey its musical purpose.

With Ned Rorem's "Romeo and Juliet" suite scored for flute and guitar, the atmosphere changed. Rorem subtly and beautifully recreated the delicacy and purity of Shakespeare's play.

Even more impressive were Irving Fine's six songs, collectively entitled "Mutability" for voice and piano, which unambiguously recalled the joys of romanticism, expression and emotion. Even Joan Franks' Williams, in her "Song of Songs" for voice, flute and guitar, did not shun, for once, lovely melody or romantic musings.

However, the most interesting of all the works presented was Ruben Seroussi's "Poem by Antonio Machado" for voice, flute and guitar. The vocal line creates a pivot around which the instruments bustle in constant motion. Seroussi's style here is economical and most original.

The concert was marked by the extraordinary dedication of the participants. Mezzo-soprano Berend overdid the Shuster songs, but was excellent in the Fine, Williams

and Seroussi selections. Orli Lavan is a lovely guitarist who treated the complex, modern scores laudably. Flautist Eiser-Kashi provided colour and mood. Finally, credit goes to David Bloch for his excellent piano part in the Fine songs and his selection of contemporary waltzes by American composers which he played with empathy and humour.

YOUNG ARTISTS WEEK - The Israel Philharmonic Orchestra, Meir Minski conducting; Benny Kunitzky, percussion; Hillel Zori, cello (Mansel Auditorium, Tel Aviv, March 12); Ma'ayan: Concerto for Percussion and Wind Instruments; Shostakovich: Cello Concerto No. 1, Op. 107; Tchaikovsky: Symphony No. 5.

LISTENING TO Ma'ayan's percussion concerto again, 19 years after it was premiered at a concert of the League of Composers, was a most pleasant experience. Ma'ayan uses no less than 43 instruments, all handled by a single percussionist.

However, the concerto's main point of interest lies in the original relationship between percussion and the wind ensemble. Melody and harmony are provided by the four wind and four brass players, while percussion provides colour, embellishments and solo interludes. Ma'ayan's treatment of the percussion instruments is restrained, without wild, disruptive outbursts and the two components of the composition mesh together marvelously.

Benny Kunitzky made his rounds from instrument to instrument calmly and easily, always arriving at the right time and handling the various drums and wooden and metal instruments with delicacy and sensitivity. More importantly, he connected the various instrumental parts into a continuous line of musical ideas.

Hillel Zori was a great disappointment. It is true that he possesses formidable technique, but his tone failed to materialize. What should have been instrumental in projecting musicality was almost nonexistent. In the absence of tone, there was, of course, no dynamic variety, no expression of the phrase and no musical significance. The music of the whole concerto was reduced to a monotonous murmur.

The evening closed with Tchaikovsky's Fifth. Minski is undeniably—at least in his movements—a mannerist, and visually he provides neither elegance nor beauty. But he undoubtedly had his ideas about the symphony and he was able to convey them successfully to the orchestra. Though it remained emotionally restrained, the performance of Tchaikovsky's Fifth emerged acceptably in most respects.

BENJAMIN BAR-AM

Time to sow

GARDENER'S CORNER / Walter Frankl

lo-fold quantity of dry sand before being sown.

AMONG your bedding flowers for summer you should not leave out the zinnia (*sinia* in Hebrew), one of the most colourful and attractive annuals from the marigold (compositae) family. It is a flower of great variety. A native to Mexico, it is named after Johann Gouffroy Zinn, (1727-1759) a German professor of botany at the University of Goettingen. Ben Shachar offers 14 kinds of zinnia seeds, giant, double, pom-pom, liliput, etc. My nurseryman in Motza is already offering zinnia seedlings, but I believe it's too early now for zinnia plantings, especially in the hilly regions.

It is well known today that the Aztecs possessed considerable horticultural expertise. The gardeners of Montezuma not only grew exotic zinnias, but also created new species by hybridization. Only in the 18th century did the zinnia come into Europe. Zinnia seed sent to the famous Swedish botanist Linnaeus were dubbed "Mexican marigold." When they flowered, Linnaeus realized this was a new plant and gave it the name we still use today.

The introduction of *Zinnia elegans*, the progenitor of all zinnias grown today, started with seeds dispatched from Mexico to Spain in 1796. A Professor Ortego in Madrid gave seeds of *Zinnia elegans* to the Marchioness of Bute, who sent some to Kew Gardens. This was probably the beginning of zinnia cultivation in England, which over the last 100 years has produced outstanding results.

It was, however, a French horticulturist, named Grozan, who bred the first double zinnia in 1856. The large double, popular also today, have elegance as well as tremendous variety in colouring. All types come in shades of rose, pink, lilac, purple, red, scarlet, orange, yellow and white, as well as bi-colours.

As a cut flower, the richness of colouring of the zinnia is almost unequalled by any other.

The flowers are long-lasting both in the garden and in the vase. But take care. When watered from above by sprinklers or a watering hose, zinnias easily develop mildew in our summer climate and, therefore, should be treated, even prophylactically, with a fungicide (seprol, manvagan or sulphur powder).

March is also a good time to set out summer-flowering bulbs, which we described in previous columns. All of them can also be grown in containers and placed on balconies, flat roofs or in patios with sufficient light. A few corns of gladiolus (*sinningia*) and tuberous begonia will bring more colour into your balcony boxes in late summer and fall than anything else.

Fuchsia propagation—an easy job. Fuchsia is a plant that has always been admired by many people. Fuchsias are easy to grow in pots or in the open ground, and will flower continuously for a long period with very little attention. It can be successfully grown on a windowsill.

Prepare your own growing medium of two parts of washed sand or vermiculite and one part of peat. Fill some small flower pots or yoghurt cups with this medium and put them into a partly shaded spot.

Then use a sharp knife or a razor blade and take top-cuttings of a healthy fuchsia plant, about 12-15cm. long. Cut just below a leaf joint (a node) and remove two pairs of leaves at the bottom of the cutting; dip the cut-end in water, then into rooting hormone powder. Wet the medium in the pots.

Make a hole in the centre of the pot and insert the cutting with about 5-6cm. covered by the medium.



Keep always slightly moist.

Once the cuttings have started to grow, transfer them into bigger pots or balcony boxes filled with a fertile soil mixture. Since fuchsias prefer a slightly acidic soil, an addition of 10 per cent peat will be beneficial.

Fuchsias need fortnightly feedings with fertilizers containing the three

main plant-food ingredients: phosphorus, nitrogen and potassium. There are organic fertilizers that meet these demands like guano, kuf-tigan—a mixture of chicken and cow manure produced at Givat Ada near Zichron Ya'acov—and tolari, a product of the earthworm farm at Mitzpe Hararit. When using chemical fertilizers, two kinds of general fertilizer are best, "20-20-20" or Osmokote. Regular watering and no direct sun are essential for fuchsias.

Tuff hagolan against chlorosis. Sometimes plants develop an unnatural yellowish-green colour in their foliage. This jaundice-like disease is chlorosis, caused by a deficiency of iron or magnesium in the soil. Tests done recently with adding tuff hagolan to the soil show it may be used successfully in fighting chlorosis. Tuff hagolan, the grey, brown and black gravel found in abundance on the Golan Heights, is a kind of volcanic pumice stone. During the last decade it has been used widely in horticulture. For the nurseries it became an essential ingredient for soil mixtures.

In hydroponics (soilless gardening) tuff hagolan is used to hold the plants in the upper part of the container. But now another advantage of the tuff have been found. When used as a cover over the drainage holes in containers, it decays slowly under the influence of moisture and makes some of its iron content available to the plant roots. These traces of iron are sufficient to prevent the plant from becoming chlorotic. Even sick plants with yellowish tints soon become healthy again when their roots reach the decaying tuff at the bottom. I recommend, therefore, that all amateur gardeners use tuff hagolan (available at all nursery shops) for bottom drainage instead of flat stones or pot sherds.



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Yamani: 'Prices could fall as low as \$8'

Opec ministers at emergency meet split on price support strategy

GENEVA (AP). — Opec oil ministers, in an opening round of emergency talks yesterday, reported no progress toward agreement on a strategy for halting the steepest oil-price decline in history.

After a two-hour opening session in a Geneva hotel suite, the 13 ministers emerged glum-faced and offered no indications that a compromise deal was likely.

Arturo Hernandez Grisanti, the oil minister of Venezuela and Opec's president, refused to comment. Subsequently, the oil minister of Indonesia, said no consensus had been reached on several ideas under consideration. He declined to elaborate.

Ahmed Zaki Yamani, the oil minister of Saudi Arabia, was quoted by Britain's *Sunday Telegraph* as saying that oil prices could fall to \$8 a barrel if a price-support plan was not worked out between Opec and independent oil producers, such as Britain, Norway, Mexico

and the Soviet Union.

The Opec ministers were trying to reach agreement among themselves before meeting a group of non-Opec oil producers later this week. Analysts said the meeting with independent producers Egypt, Malaysia, Brunei, Mexico and Oman was unlikely to produce a meaningful agreement, partly because Britain and Norway would not be there.

Britain and Norway together produce more oil than all Opec members except Saudi Arabia, and both have increased their output in recent years as Opec has cut back in a failed attempt to prop up prices.

At the current level of about \$15 a barrel, oil prices are the lowest since the late 1970s and have fallen by one-half since the start of the year.

The decline has deeply hurt some of Opec's poorer members and thrown the cartel into perhaps the gravest crisis in its 25-year history.

In a message delivered to the Opec delegates in Geneva yesterday, the president of Iran, Seyyed Ali Khamenei, told the 13 member-countries: "If we are unable to make the necessary decisions at this juncture, the costs will be enormous and the consequences irreversible."

Oil prices began collapsing last December after Opec abandoned its four-year effort to keep prices high by cutting back on production. The strategy failed because too many of the members were unwilling to abide strictly by the production limits and because non-Opec producers increased output.

The cartel pledged to fight non-Opec producers for an undefined "fair share" of the world oil market, declaring that Britain and the others would have to make room for additional Opec production by cutting back on their own output. The call has largely been ignored.



Hundreds of floor dealers rush in for transactions at the Tokyo Stock Exchange Friday, as the value of stocks listed reached 201.3615 trillion yen (\$1.118 trillion). Tokyo is now the second-largest exchange, after New York. (APF)

LABOUR BRIEFS

By TSIPSI KUPER

THOUSANDS OF workers hired by private employment agencies have no basic social rights and often receive less than the minimum wage. Some of the workers in ministries, in the Dead Sea Works and in El Al work under these conditions, members of the Knesset Labour and Social Affairs Committee said last week.

The worker is required to sign a contract with the agency in which he relinquishes his right to social benefits and tenure, said committee chairwoman Ora Namir, who brought a copy of a contract to the meeting. The agency also takes a 15 per cent commission from the worker's wages, she said.

Many employers in the public sector circumvent the freeze on hiring by using the agencies, said committee members. The agencies officially employ the workers themselves and hire them out to companies requiring labour.

Employers often turn to the private employment agencies instead of the governmental labour exchange, they said.

The law does not allow private labour exchanges (the employment agencies are set up as companies). Labour Minister Moshe Katsav is considering tabling a bill to enable the agencies to have the status of exchanges and to ensure that they give workers social benefits.

MOST OF the self-employed may pay reduced national insurance rates from April if a planned reform in the NII collection system is approved. A minority, however, will pay higher dues.

The reform is intended to spread payments more progressively among different income brackets, head of the NII collection department Yehuda Mahleb told *The Jerusalem Post*. It is also meant to compensate those in the medium and low-income brackets for the fact that their NII dues will be calculated from their

entire income next year — and not from 80 per cent, as at present.

Some 138,000 people, 87 per cent of the self-employed, would pay between 3.6 to 28.2 per cent less under the new system, while some 21,000 self-employed, who make the highest incomes, would pay 31.2 per cent more than they do today.

Minister Katsav is to decide on the matter shortly. The NII plan, which acts as his adviser, has reservations: its industrialists' faction voted against the plan at a recent plenary meeting.

At present, those self-employed who make over three times the average wage pay the top rate. The plan is to raise the ceiling to four times the average wage. This would draw more revenue from the 13 per cent in the highest income bracket, who make 46 per cent of the earnings of the self-employed. This step is expected to increase the NII's revenue by \$13m.

Those who make 50 per cent or less of the average wage would have their dues reduced to 11 per cent of their incomes. At present those who make less than 35 per cent of the average wage pay 13 per cent.

Changes in NII payments of salaried workers are planned for next January. These changes would also provide for increasing the payment rates for the top income brackets — those making four times the average wage — and reducing rates for the lower income brackets.

A PLAN to help the victims of the bankrupt Clarin housing company while providing work for the troubled Solel Boneh firm has been proposed by two MKs.

MKs Ram Cohen (Citizens Rights Movement) and Mordechai Virshupsky (Shinui), made their proposal in a letter to Prime Minister Shimon Peres. Housing Minister David Levy and Histadrut Secretary-General Yisrael Kessar. They want Solel Boneh to finish the building of uncompleted Clarin homes.

Stockholm bourse at all-time high

STOCKHOLM (Reuters). — A nation in mourning for Swedish Prime Minister Olof Palme at least had some good news on the economic front last week, as a stock market boom sent share prices to an all-time high.

Conflicting signals on Sweden's economic prospects have made the Stockholm exchange nervous this year, and opinions differ sharply over why share values have rocketed by 13 billion crowns (\$180 million) over the past week.

The Stockholm daily *Aftonbladet* said that the clear implication was that "the exchange believes the murder of Olof Palme can have positive consequences for the share market."

But many brokers saw the prospect of lower interest rates as a key factor.

Mats Quiberg, a Swedish analyst, said the outlook on interest rates had meant the market was already too buoyant for Palme's death to have had any real effect.

Year's first cruise ship

HAIFA. — This year's cruise ship tourist season opened on Friday with the arrival here of the Dutch luxury liner Rotterdam, carrying some 450 American tourists on a round-the-world cruise.

The ship, which arrived from Alexandria, sailed again Saturday night for Turkey.

About 100 passengers disembarked to spend a couple of weeks in Israel. Their places were taken by some 130 other tourists, who arrived by air to complete the rest of the trip aboard ship.

Four more cruise liners, with some 1,500 passengers, are due in port this month for stays of one to two days.

But the tendency in the U.S. to steer clear of Europe and the Middle East, for fear of terror attacks, has caused the cancellation of many ships that were to have come here this year.

Beersheba strains to attract industry

By LIORA MOREL

BEERSHEBA. — After a decade of stagnation, Beersheba is taking steps to attract investors. Last week a ceramic roof-tile plant was opened and other factories are undergoing modernization.

But there is still only one science-based industry in this city of 120,000. "We must have Beersheba recognized as a Development Town A — for purposes of income tax and long-term low-interest loans," says Shlomo Segal, president of the local Chamber of Commerce.

Prime Minister Shimon Peres and Industry and Trade Minister Ariel Sharon have both made promises in that direction on official visits to Beersheba in the last year, but nothing has been done.

"Many plants were originally built here to give people work and to attract people to the city, but then it all stopped and the children of the first wave of settlers are moving out," Segal told *The Jerusalem Post* yesterday. His own two sons, he says, are exceptions to the general rule: both found good work here and, despite better job offers elsewhere, decided to stay.

The city's leaders realize that they must find a solution to industrial stagnation to stem the tide of departing graduates. "Half our problems would be solved if the military munitions factories move to Ramat Beqa (an industrial park 16km. south of Beersheba) as was promised," said Segal.

Many years ago, when Peres was deputy defence minister, a promise was made to move the ministry's

munitions plants to the Negev. But in fact the installations in Ramat Hasharon were expanded.

"We met with Defence Minister Yitzhak Rabin several months ago in Tel Aviv to discuss the matter, and he told us that the move would be expensive and is not feasible at present. However, with the recent gas emissions from the plants and the strenuous objection of the head of the local council in Ramat Hasharon to the continued presence of these installations, there might still be a way of getting them here." Apart from the cost, there is a reluctance among the workers at Ramat Hasharon to move to the Negev. But Segal believes workers might change their minds if they learn of the good things about Beersheba, like the availability of cheap plots and our excellent educational and cultural facilities.

Recently, in a bid to curb the move of families to attractive villages out of town, the city decided to sell half-dunam plots at NIS 15,000 each (including development). The catch: the owner must live in the house for five years.

In another move the city has decided to raise the tax (aruna) for businesses and industries here only slightly as an incentive to firms which re-locate in the industrial area to the south, near the site of the former Beidun market. There is a regular bus service to the area, and many warehouses (as well as a night club!) have moved there.

Proud of its new forward-looking policy, the city has just recently to 16 foreign trade attaches, showing them what Beersheba has to offer.

DID YOU KNOW WHAT...

42,690 women received maternity benefits in 1984, compared to 8,735 in 1955.

(NII)

Venezuela may purchase solar-energy system here

By DAVID RUDGE

Jerusalem Post Reporter
HAIFA. — Oil and coal producing Venezuela is interested in purchasing solar energy and desalination systems from Israel.

The deputy-director of Venezuela's energy ministry, Dr. Carlos Ostos, has spent the past week on a fact-finding mission here, studying various Israeli products.

Ostos told *The Post* in an interview on the eve of his departure yesterday that the visit had confirmed his expectations about the high quality and advanced level of the systems designed and manufactured here.

He expected a deal, potentially worth millions of dollars, to be signed in the near future.

Ostos was in Israel as a guest of the Industries Development Corporation (IDC), a high-tech engineering firm based on Mount Carmel, which has well-established trade ties with Venezuela.

The firm, with a marketing office in Caracas, has sold some \$30 million worth of products, including industrial development projects, knowhow and engineering services to Venezuela in the past 15 years.

Ostos said his government had chosen Israel because it was a recognized world leader in the solar energy and desalination fields. The visit was arranged after he had expressed a desire to see several of the projects at first hand.

But why should a country with oil and coal reserves be interested in electricity production from the sun?

Ostos explained that the solar energy and desalination plants are destined for several small islands off the Venezuelan coast. The aim, he said, is to make the islands self-sufficient regarding energy and fresh water supplies.

Ostos noted, however, that the Venezuelan government is interested in developing alternative energy sources and already has a large hydro-electric plant producing 10,000 megawatts of power.

His country also had a plentiful supply of natural gas and intended soon to make use of it for electricity generation.

Ostos, who is responsible for electricity and alternative energy sources, said he had come to Israel with only one specific project in mind. But having seen the various systems available, including the solar ponds near the Dead Sea, he had broadened his ideas.

He also visited two kibbutzim during his stay and was impressed by modern methods of agricultural production. "I think we could learn a lot in this field from Israel, although it is not strictly in my province," he said.

Ostos declined to comment about the oil crisis and problems with Opec, of which Venezuela is a member, saying he was not qualified to give an opinion.

The *Post* learned that during his stay Ostos met with the director-general of Israel's energy ministry and that the possibility of Israel purchasing coal from Venezuela was discussed.

Reagan names new World Bank head

WASHINGTON (AP). — President Ronald Reagan has selected former U.S. congressman Barber Conable to succeed A.W. Clausen as president of the World Bank, the White House announced.

Conable, a New Yorker and former senior Republican on the House of Representatives Ways and Means Committee, is a professor of government at the University of Rochester.

Clausen's term as head of the 149-nation international lending organization expires in July.

The appointment comes at a time when the Reagan Administration is seeking to expand the role of the bank, to help ease the debt crisis of Latin American nations.

National economic indicators

By AVI TEMKIN

PRICES	136.7 points
Consumer Price Index (Feb.) (Average 1985=100)	
Monthly inflation rate (Feb.)	0.7 per cent
(same month year ago)	(13.5 per cent)
Quarterly inflation rate (Dec.-Feb.) (19 annual terms)	6.5 per cent
(same period year ago)	(13.5 per cent)
Year ending February	139.4 per cent
(same period year ago)	(405.9 per cent)
Price index of inputs in residential building (Oct. 1983=100) (Feb.)	177.3 per cent
change over month	2.7 per cent
Wholesale price index (Feb.) (Average 1977=100/100)	197.2 points
change over month	1.5 per cent
DEVALUATION	
Exchange rate: NIS for \$ (March 14) NIS 1.4869	
(same date year ago)	(1809.90)
Devaluation since beginning of month	0.7 per cent
since Dec. 31, 1985	minus 0.84 per cent
year ending 14.3.85	83.6 per cent
Basket of currencies (14.3) (devaluation since beginning of month)	0.1 per cent
since Dec. 31, 1985	3.17 per cent
year ending 14.3.85	126.5 per cent
UNEMPLOYMENT	
Unemployed persons (Oct.-Dec.) (Seasonally adjusted) 99,000	
unemployed as per cent of civilian labour force (previous quarter)	6.7 per cent (7.8 per cent)
GOVERNMENT FINANCE	
Monetary injection (plus) or absorption (minus) February	minus NIS 230 m.
monthly average for last three months	minus NIS 29.1 m.
since beginning of fiscal year (in dollar terms)	plus \$322 m.
CREDIT AND FINANCE	
Estimated average cost of credit (in annual terms. Adjusted for inflation) 20 per cent	
FOREIGN TRADE AND FINANCE	
Trade deficit (since beginning of year)	\$423 m.
(same period year ago)	\$344 m.
Foreign currency reserves (end Feb.)	\$3,078 m.
(change over month)	\$72 m.

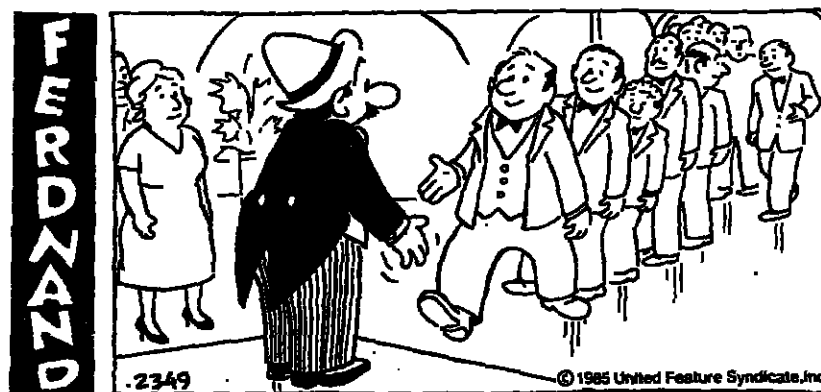
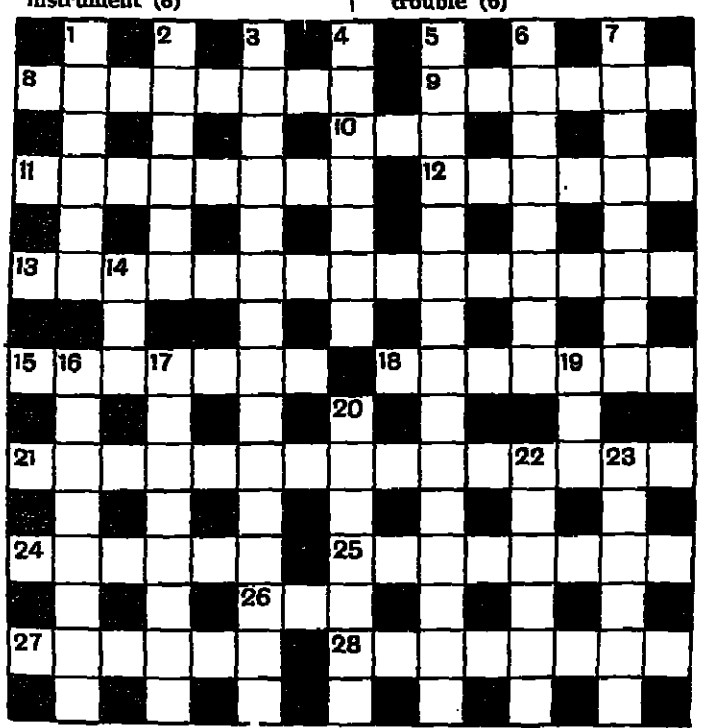
ONE-ON-ONE CROSSWORD

ACROSS

- 8 Fatiguing, but apparently not to all (8)
- 9 Seized French cleric in North Dakota (6)
- 10 Take steps at around the century (5)
- 11 Russian wrong about Stalin's secret police chief (8)
- 12 Greeted with a cold shower (8)
- 13 Quiet about amount invested with Rex (15)
- 14 Musical work able to take so long (7)
- 15 GI's hero monstrously cruel in a way (7)
- 21 What Nelson's renowned sea victories gave him as a right (4, 5, 2, 4)
- 24 Work partly from Israel (6)
- 25 American greeting (revolutionary vehicle, albeit rented (5, 3))
- 26 Greek goddess, one to note (3)
- 27 Players naturally take a bow for it... (6)
- 28 ...one may judge from this instrument (8)

DOWN

- 1 Short-skirted flatterer? (6)
- 2 Anything but easy with Balloons about (6)
- 3 Aircraft flat out on the sky-line? (10, 5)
- 4 Gives me a cosy place, albeit most lowly (7)
- 5 Pursuing a correct line of investigation (2, 3, 5, 5)
- 6 Wormwood causing the basin to crack (8)
- 7 Takes service, note, after a fashion (8)
- 14 Put on by one who is... (3)
- 16 ... conventional and scholarly withal (8)
- 17 Bleating about material (8)
- 19 She's at her peak in Crete (3)
- 20 Needs wits about her on the back of a horse (7)
- 22 Iron lady's name for a hat (6)
- 23 Had a grouse, but made no trouble (6)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Beia, 6 King David, 224856; Balsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 262058.
Tel Aviv: Shinar, 27 Pinkas, 441449; Beni, 174 Dizengoff, 222386.
Netanya: Kupat Holim Clalit, 31 Brodetsky, 81123.
Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah Ein Karem (surgery, orthopedics), Migav Ladach (obstetrics), Hadassah Scopus (internal), Shaare Zedek (ophthalmology).
Tel Aviv: Rosh (pediatrics, internal, surgery, pediatrics).
Netanya: Laniado (obstetrics, gynecology, internal, surgery, pediatrics).

FIRST AID

Magen David Adom emergency phone numbers (round the clock service):

Ashdod 41333
Ashdod 23323
Bar Yam 551111
Beersheba 74767
Carmiel 888555
Dan Region 781111
Elit 7233
Hadera 22333
Haifa 512233
Hatzor 36333
Holon 803133
Jerusalem 523133
Kiryat Shmona 44334
Nahariya 923333
Netanya 23333
Petah Tikva 923111
Tel Aviv 451333
Rishon LeZion 942333
Safed 30333
Tel Aviv 240111
Tiberias 90111

Mobile Intensive Care Unit (MICU) service in the area around the clock.
201 Emergency phone number in most areas.
"Ezer" — Mental Health First Aid, Tel: Jerusalem 227171, Tel Aviv 261112, Haifa 672222, Beersheba 418111, Netanya 35316.
Rape Crisis Centre (24 hours), for help call: Tel Aviv 234618, Jerusalem — 245554, and Haifa 867871.
Jerusalem Institute for Drug Problems, Tel: 663828, 663902, 24 Bethlehem Rd.

Kupat Holim Information Centre Tel.

03-433300, 433500 Sunday-Thursdays, 8 a.m. to 8 p.m. Fridays 8 a.m. to 3 p.m.

The National Poison Control Centre at Rambam Hospital, phone (04)529205, for emergency calls, 24 hours a day, for information in cases of poisoning.

Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday: 8 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.; 8 p.m. to 10 p.m. Tel: 02-284648.

Dental Clinic, 25 Rehov Ahimeir, Ramat Aviv Gimel, Shabbat and holidays: 6 p.m. — 10 p.m. Weekday evenings: 4.30 — 10, Tel: 02-425922.

POLICE

Dial 100 in most parts of the country, in Tel Aviv dial 924444, Kiryat Shmona 4444.

FLIGHTS

24-hour Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only. (Typed Message) 03-981111 (20 lines)



DWELLINGS

JERUSALEM

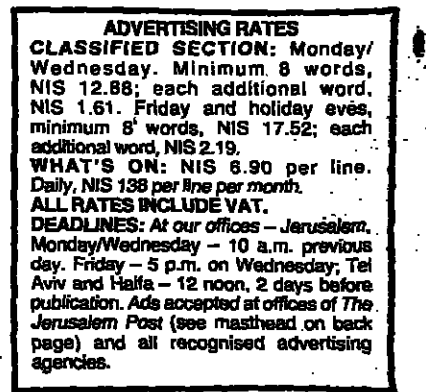
TOURISTS, central, equipped, long/short term. Menabem Realty, Tel. 02-249579.

TEL AVIV

LUXURY HOUSING Tel Aviv/Ramat Aviv/Ramat Hasharon/Herzliya/Pinhas. Canadian Intercontinental, Tel. 03-286222, Malden.

NORTH TEL AVIV apartment rentals. Contact specialists. "Inter-Israel." Tel. 03-294341.

FEMALE FLATMATE to share 4-room flat in Ramat Gan. \$95 per month — Call evenings 03-766677.



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Mount Zion Fellowship

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Today, Monday, March 17, 1986—7:00 p.m.

Room 500, Binyanei Ha'Uma, Jerusalem (near Hilton Hotel) Sunday and Monday, 9 a.m. and 2 p.m. Ambassador Hotel, Nabulus Road

Convenor Ruth Hefflin

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MARKET PLACE

PINHAS LANDAU

Diplomatic incident

The picture at right was shot yesterday, when income-tax officials raided the Diplomat Hotel in Tel Aviv — one of the hotels in the chain owned by Haim Shiff.

The tax people attached televisions, typewriters and strong drinks valued at NIS40,000, according to the report filed by IPPA, photographer Shai Avriel. During the raid, Shiff phoned the income tax commissioner and requested him to defer his men's action, but in vain. The raid continued about an hour. All that time Shiff remained in the hotel. He declined to comment on the matter to the press.

The report adds that the attachment order was served and executed following the bouncing of a cheque given by the hotel to the income-tax authorities.

However, not everything went wrong for Shiff yesterday. The cabinet, in its discussion on companies in financial trouble, included his hotel chain in the list of those eligible for government help. Shiff's case was reportedly raised by Minister without Portfolio Moshe Arens — although another version of the cabinet's session has it that Shiff's protector was Ariel Sharon. It would therefore appear that Shiff's friends in Herut, in which he has long been an active member, have not forgotten him in his hour of need.

It would also appear that Shiff has other friends looking after his interests.

On February 11 this column carried a story on the business problems of the Shiff chain ("Shiff-wrecked") which began, "the nose is slowly tightening round the hotel empire of Haim Shiff. This week Bank Leumi requested from the Tel Aviv District Court that it appoint a receiver for the Shiff-owned Cohen Hotels Company which is building the Ganei Yerushalayim Hotel. This is both another nail in the coffin of the Shiff chain and, at the same time, the most dramatic move so far made by the troubled hotelier's creditors."

The next day a letter was sent to one of this paper's editors. Unsigned, but typed on notepaper of the Diplomat Hotel in Tel Aviv, its brief contents were too scurrilous to reprint, but one line which said, "We will see whose coffin is nailed shut first."

Of course, the presumption must be that a guest in the hotel was moved to take the part of his host, and this guest's blood went to his head, so that he got carried away with his invective, and forgot to sign the missive, in the customary manner.

The other possibility, that one of the staff wrote it, seems less likely since the staff in the Shiff chain are known to be generally disgruntled and are unlikely to take their boss's side.

In any event, a letter to Shiff from the editor requesting some explanation regarding the unpleasant episode has gone unanswered. What did turn up in yesterday's mail was a postcard addressed to this reporter and containing the following words of appreciation: "This is to inform you that I have been engaged to drive coffin nails into your coffin until the nose tightens around your neck. You will soon hear from me, either directly or indirectly. These communications will be signed: S.S. (Sailing Shiff) Coffin Nails."

After picking through the somewhat mixed metaphors, it becomes clear that Shiff himself is as if he thought could have arisen! For, if the writer has only been "engaged," then he himself cannot have been involved hitherto. Further communications from him, whether received directly or indirectly, are eagerly looked forward to and will be shared with Post readers, if the language permits.

Cars for Haifa clerks

Jerusalem Post Reporter
HAIFA. — City Hall has purchased three new Ford Sierras, costing a total of \$60,000, for three senior staff.

The cars are for town clerk Yossi Glusman, treasurer Gady Ziriniski and transport department head Yitzhak Korchak. None of them is entitled to cars under the terms of their labour contracts.

The municipal spokesman defended the purchases saying it was the council's agreed policy to replace old vehicles, which are costly to repair and maintain, such as were previously used by Glusman and Korchak. Ziriniski, who lives in Herzliya, had been using a rented vehicle.

Haifa municipal rates have been increased by 170 per cent for the 1986/7 fiscal year.



Carmiel parts plant expands

CARMIEL. — SPI Suspension and Parts Industries last week announced increased sales and earnings for 1985. Net sales for the year ended December 31, 1985 increased by 40 per cent, to \$10,603,500, compared with \$7,627,300 in the preceding year. Net income rose by 50 per cent, to \$1,673,300 compared with \$1,121,300 last year.

Earnings per share for 1985 rose by 28 per cent and amounted to \$0.60, compared with \$0.47 last year.

Company President Michael Lapidot stated: "The increase in sales was due mainly to efforts to expand our exports notably in the U.S. Our overseas sales reached almost \$9m.,

compared with \$7m. last year. These were, for the most part, sales of road wheels and sprocket wheels for U.S. tanks and personnel carriers.

"We moved into our new 75,000-square foot Carmiel facility during the year and increased the number of employees by 50 per cent, mainly in production, to reach 150. Our current order backlog stands at some \$11m., similar to that of last year."

A number of new orders were recently received by the company representing inroads into new market areas. A \$500,000 order for road wheels and track components was received from a major U.S. military supplier, as was an initial \$120,000 order from Italy for road wheels.

Business booms at 'Big 3' Swiss banks

ZURICH. (Reuters). — Business is booming for Switzerland's major banks, with reported profits for 1985 at record highs and analysts predicting a further 10 to 15 per cent jump in earnings for this year.

Swiss Bank Corporation last week became the last of the Big Three to give figures for last year's earnings, which it said jumped 20 per cent, to 603 million Swiss francs (\$320 million).

Union Bank of Switzerland, the biggest of the three, earlier reported a similar 19 per cent rise, to 692m. (\$368m.) while Credit Suisse disclosed a 21 per cent jump, to 507m. Swiss francs (\$270 million).

Analysts say inflation-adjusted profits of the highly secretive Swiss banks are generally anything between 1.8 and 2.5 per cent above those reported to shareholders.

"Last year was a super one, parti-

cularly for off-balance sheet activities," said Bank Vontobel's analyst Claudio Werner, referring to massive increases in commission and other income linked with the booming bourse.

"We expect the big banks to show a profit rise of around 10 per cent this year," he added. Hans Kaufmann, Swiss stocks analyst at Bank Baer, predicted an earnings rise for all the major banks of 10 to 15 per cent.

World Bank to borrow additional \$1 billion

WASHINGTON (AP). — The World Bank announced yesterday that it would borrow an additional \$1 billion this year, in anticipation of making more loans to poor countries. The new money would raise the total borrowed by the bank this year to \$10.6 billion.

Mexico seeks \$6b. in new loans

TOKYO (Reuters). — Mexico is seeking \$6 billion in new loans this year to help it cope with plunging prices for oil, its main export, Export-Import Bank of Japan president Masataka Okura told reporters.

Mexico has reduced its request from \$9b. because of the fall in interest rates, the head of the government-run development bank added.

Every one percentage point drop in world interest rates reduces by about \$1b. the interest that Mexico pays on its foreign debt of nearly \$100 billion.

Okura said it would be the first country considered for help under the new U.S. debt plan unveiled last year by Treasury Secretary James Baker. The initiative calls for Western commercial banks to lend nearly \$50b. to the Third World's 15 worst-off debtor nations over the next three years.

Oil consumer Brazil had been a leading candidate for help under the plan, but its economic outlook has brightened considerably due to the fall in oil prices and interest rates.

Spain sells Jordanians 16 jet training aircraft

LONDON. — Jordan has finalized a \$90 million deal to buy 16 jet trainers from Spain, according to the latest edition of *Jane's Defence Weekly*.

The planes are to be built by Construction Aeronautica (CASA). Deliveries are expected to begin next year.

Jordan has been offered about \$63m. in credit by the Bank of London and South America, the magazine added.

UK firm to explore for gold in Egypt

CAIRO (Reuters). — Britain's Minex minerals company will explore for gold in Egypt on sites once prospected by Soviet experts but never developed, under an agreement signed here yesterday.

Minex geologists will start work next month setting up a base in Cairo and examining reports by Soviet teams which explored the Red Sea hills area more than 20 years ago.

Under the accord with Egypt's Geological Survey Department, Minex will spend \$1 million on exploration over the next two years. If gold is found in commercial quantities, Minex would take out a lease and pay royalties to the government.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:			Turnovers:		
General Share Index	112.55	-0.94%	Shares — total	NIS 13,955,400	4.25% fully-linked
Non-Bank Index	128.37	-2.94%	Arrangement	NIS 4,534,200	80% linked
Arrangement	105.43	+0.08%	Non-bank	NIS 9,421,300	Rises to 3%
Insurance	139.02	-4.38%	Bonds — total	NIS 4,855,500	Rises to 1%
Commerce, Services	132.45	-2.25%	Index-linked	NIS 2,854,400	Slight rise
Real Estate	154.48	-2.89%	Dollar-linked	NIS 2,001,100	Mixed to 3%
Industrial	121.20	-2.59%	Treasury Bills	NIS 5,812,500	
Textiles	143.65	-4.53%	Share Movements:		
Metals	113.59	-3.34%	Advances	69 (107)	
Electronics	104.08	-1.82%	of which 5%+	12 (26)	
Chemicals	117.14	-1.40%	"buyers only"	4 (7)	
Industrial Invest.	128.12	-4.67%	Declines	221 (188)	
Investment Cos.	135.70	-5.02%	of which 5%—	79 (59)	
General Bond Index	101.01	+0.77%	"sellers only"	40 (26)	
Index-linked Bonds	101.00	+0.80%	Unchanged	103 (100)	
Fully-linked	102.43	+0.80%	Trading Halt	47 (46)	
Partially-linked	100.09	+0.81%	Bond Market Trends:		
Dollar-linked Bonds	98.49	+0.71%	Index-linked	3%	fully-linked
Short-term 0-2 yrs	100.39	+0.60%			Rises to 3%
Medium-term 2-5 yrs	100.84	+0.88%			
Long-term 5+ yrs	100.84	+0.75%			

SELECTED PRICE QUOTATIONS

Name	Price	Volume	%	Name	Price	Volume	%
Commercial Banks				Trade & Services			
(not part of "arrangement")				Meir Ezra	4480	84	-
Maritime 1	1166	s.o.1	-5.0	Supersol 2	4300	1124	-2.5
General non-arr.	32200	65	-	Delek r	4875	6249	-
First Int'l	3758	8078	-0.0	Lighterage	8408	38	-5.0
FBI	3550	7508	-1.3	Oil Storage	1140	413	-5.0
Commercial Banks				Den Hotels	3600	205	-2.3
(part of "arrangement")				Yarden Hotel	3442	-	-8.0
IDB r	30150	594	+0.0	Hilon 1	14355	14	-1.0
Union 0.1	60000	200	-	Team 1	1706	634	-
Discount	102400	1069	+0.7	Real Estate, Building and Agriculture			
Mizrahi	33000	947	-	Azriem	3600	3638	-9.5
Hapoalim r	54640	1670	-	Elron	1150	645	-
General A	138950	23	-0.9	Africa Int. 0.1	40000	188	-
Leumi 0.1	34650	2822	-	Dankner	3700	1106	-
Fin. Trade	47800	-	-0.2	Prop. & Bldg.	2760	4727	-5.2
Mortgage Banks				Bayesid 0.1	4055	707	-10.0
Leumi Mort. r	4175	879	-10.0	ILDC r	47400	645	-
Dev. Mort.	1040	3516	-4.6	Ressco r	6700	482	+5.0
Mishkan r	2100	1092	-	Mehadrin	11500	307	-
Tefahot r	12000	63	-1.9	Hadarim	1249	4844	-4.1
Merav r	2517	2601	-	Industrials			
Financial Institutions				3399	1142	-2.6	
Agric C	28800	8	-10.0	Pri-Ze 1	553	2458	-10.1
Ind. Dev. DD	no trading	-	-5.0	Sunfrost	5730	484	+1.8
Clal Leasing 0.1	8118	-	-	Elita	18000	512	-5.1
Insurance				Adgar	720	4146	-2.0
Ararat 0.1 r	3914	s.o.1	-5.0	Argaman r	7700	349	-7.2
Hassneh r	2795	7178	-9.7	Delta G1	4580	981	-8.9
Phoenix 0.1	1397	s.o.2	-5.0	Maquette 1	22800	s.o.1	-5.0
Hamishmar	6000	117	-3.2	Eagle 1	10270	77	-5.0
Menorah 1	6850	50	-2.3	Polgar 0.1	8750	773	-3.5
Sahar r	3929	712	-3.7	Schoellern	13800	279	-3.5
Zion Hold. 1	13100	105	-1.5	Rogovin	3290	1382	-6.6
				Urdan 0.1 r	10580	388	-8.7
				Is. Can. Co. 1	1080	9783	-
				Zion Cables	2316	1243	+3.0
				Packer Steel	5580	255	+3.3
				Elbit 3 r	423000	41	-1.8

Manufacturer with assets, dealing in design, production and export of jewelry, seeks an

active partner ready to invest \$500,000

Please write to P.O.B. 26450, Tel Aviv 61263.

Leviathan Group offers MANAGED FUTURES ACCOUNTS to qualified investors.

C.F.T.C. Licensed Commodity Trading Adviser. To arrange an appointment, call Mr. Gross, Tel. 02-248879, 02-248876, Migdal Bar, Suite 705, Jerusalem

ISRAELI DATA: EUROPE U.S.

Israel Money Markets March 16, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.25% per month
Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	15.3	6-13%	7-12%	6-12%
Hapoalim	13.3	10-12%	11-12%	12-12.5%
DISCOUNT	13.3	7-13%	7-13%	9-13%
MIZRAHI	18.2	12-19%	12-20%	12-18%
FIRST INT'L	12.3	6-13%	7-13%	6-13%

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of March 15)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	6.750	6.750	6.750
STG	10.625	10.250	9.875
DMK	3.750	3.750	3.750
SFR	3.250	3.250	3.125
YEN	3.875	3.750	3.625

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY	CHEQUES AND TRANSACTIONS	BANKNOTES	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1.4768	1.4852	1.4850
GREAT BRITAIN	STERLING	2.1657	2.1927	2.1823
GERMANY	MARK	0.6550	0.6632	0.6588
FRANCE	FRANC	0.2128	0.2154	0.2141
HOLLAND	GULDEN	0.5798	0.5872	0.5834
SWITZERLAND	FRANC	0.7788	0.7866	0.7844
SWEDEN	KRONA	0.2046	0.2072	0.2052
NORWAY	KRONE	0.2070	0.2096	0.2085
DENMARK	KRONE	0.1768	0.1791	0.1783
FINLAND	MARK	0.2886	0.2922	0.2907
ITALY	LIRE	1.0583	1.0714	1.0655
AUSTRALIA	DOLLAR	1.0387	1.0526	1.0475
SOUTH AFRICA	RAND	0.7443	0.7536	0.7494
BELGIUM	FRANC	0.3151	0.3190	0.3216
AUSTRIA	SCHILLING	0.8309	0.8425	0.8390
NETHERLANDS	GULDEN	0.9621	0.9741	0.9677
JAPAN	YEN	0.8374	0.8478	0.8423
JORDAN	DINAR	1	1	1.4855
EGYPT	POUND	1	1	0.8898

SUPPLIED BY BANK LEUMI

European Financial Markets

Precious Metals

GOLD:	LONDON	A.M. FIX	347.60	P.M. FIX	348.00
SILVER:	PARIS	NOON FIX	350.81	ZURICH P.M.	348.15
PLATINUM:	LONDON	FIX	580.65		
PALLADIUM:	LONDON	P.M.	410.00		
		P.M.	110.50		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)

	SPOT	3 MTHS	6 MTHS	12 MTHS
DEUTSCHE MARK	2.2625/25	178/171	330/320	650/635
POUND STERLING	1.4640/50	153/149	265/260	450/440
SWISS FRANC	1.5005/25	180/170	345/330	690/660
JAPANESE YEN	176.80/80	80/85	165/175	380/360
FRENCH FRANC	6.9525/75	1000/1150	1450/1600	1800/2100
ITALIAN LIRA	1537.00/00	365/385	650/680	1060/1120
DUTCH GULDEN	2.5480/10	125/120	245/235	490/470
BELGIAN FRANC	46.25/25	37/44	46/56	45/60
DANISH KRONA	8.3500/50	-20/+30	-40/+60	-40/+160
S. AFRICAN RAND	0.4950/80	70/60	100/85	180/140
EUROPEAN CURR. UNIT	0.9540/50	53/48	70/60	100/85
FINNISH MARK	5.1070/90	245/285	350/400	640/740
AUSTRALIAN DOLLAR	0.7018/25	122/118	173/168	317/311
NORWEGIAN KRONA	7.1400/50	685/685	1005/1025	2000/2040

Formula for determining forward rates:
High/Low (eg. 210/220) — deduct from spot price.
Low/High (eg. 210/220) — add to spot price.

ISRAELI STOCKS Traded in New York:

NYSE and ASE

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	2 1/4	N.A.	2 1/4	2	15
Am Isr Pap	12 1/4	12 1/4	12 1/4	12 1/4	86
Ampal	2 1/2	2 1/2	2 1/2	2 1/2	170
Eclat	16 1/4	16 1/4	16 1/4	16 1/4	32
Ez Lavud	16 1/2	15 3/4	16 1/2	16 1/2	236
Laser Inds	15 3/4	15 1/2	16	15 1/2	264

Over the counter

	last	bid	ask		last	bid	ask
Bank Leumi	-	20 1/2	22 1/2	Interpharm	5 1/2	5 1/2	6 1/2
Elbit	-	8 1/2	8 1/2	Otoprotech	10 1/2	10 1/2	11
ECI Tel.	7 1/2	6 1/2	7 1/2	Rada	-	10 1/2	10 1/2
Elron	7 1/2	7 1/4	7 3/4	Scitex	8 1/2	7 3/4	8 1/2
Fibronics	14	13 1/4	14	Taro-vit	-	4 1/4	4 1/4
IDB Bank	-	48	52	Tetrapharm	-	3 1/4	4 1/4
IS	4 1/2	4 1/2	4 1/2	SPI	7 1/4	7 1/4	7 3/4

